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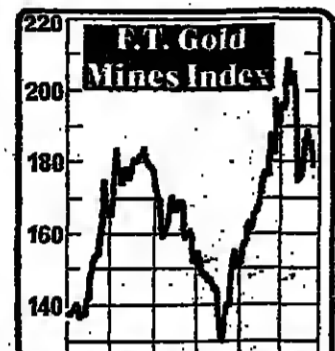
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NEWS SUMMARY

GENERAL Rhodesian jets carried out their raid on Lusaka in the demarcation of the African People's (ZAPU).

BUSINESS Equities up 1.8; Dollar rallies



ana oil ban is expected to impose sanctions on Ghana for its leading figures in the military.

ce of 'Ripper' 'Yorkshire Ripper' it to be responsible for 11 women, boasted in a recording sent to police.

ist jailed 4 Sherlock, aged 59, a my director, was jailed for Leicester for a series of other sexual offences.

ratilova wins Ding Wimbledon champion Navratilova struggled to watch by her r who came from Czechia on a two-week visa.

id found 16 people were ed at the Katutura block in Windhoek, Namibia at police described as a prevention operation.

10 arrested 1,500 people were ed at the Katutura block in Windhoek, Namibia at police described as a prevention operation.

t report today Summary of the report on outhall riots by Sir David A. Mastroianni. Police missions will be published.

ies move Journalists sent a tele- to Lord Thomson on the if the Thomson Organisa- annual general meeting g blm to republish the nded titles at the earliest 'unity or sell them to a le bidder. They also l for court of inquiry set up by the Secretary Employment.

ie realises £4m by £4m was made in the first of an auction of French ure at Monte Carlo, includ- record £32,511 paid for nls XV ornolu-mounted etry corner cabinet. om, Page 10

efly 21 Ian Eric Morecambe, o- should leave hospital in or three weeks, his wife, said.

anian troops are to be drawn from Uganda in three weeks, according icials in Tanzania.

one was delivered to the sh Embassy in Tokyo as a for Mrs. Thatcher. Its cash described as "tory blue."

Table with columns: RISES, Central Pacific, FALLS. Lists various market indices and their values.

Nuclear power station go-ahead expected today

BY JOHN LLOYD The Government is likely to announce today the long-awaited financial approval for a new 1300 megawatt advanced gas-cooled reactor (AGR) nuclear power station, to cost about £650m.

The announcement, expected to be made by Mr. David Howell, the Energy Secretary, in the Commons this afternoon, will come as a relief to the Central Electricity Generating Board, which had feared that the Government might delay approval to assist in its programme of public spending cuts.

Contracts Orders for the twin turbines and boilers for Heysham B, together with the twin turbines and boilers for the AGR station at Torness, south of Edinburgh, will be placed soon.

Contracts The choice of turbines was the subject of a long study by the Central Policy Review Staff, now complete. It is believed to have recommended that the choice be left to the responsible Boards.

Contracts The CEGB and the SSEB must, therefore, choose between two types of turbine—known as four-flow and six-flow—and two manufacturers.

Contracts The CEGB are eager to place contracts for standardised, replicated turbines and boilers. The CEGB has complained that the AGR stations, built so far, have all been prototype stations, and have, therefore, involved the Board in extra costs.

Contracts But, it is still not clear whether one manufacturer will now receive all the turbine and boiler work.

Contracts Contracts have already been signed between the supply industry and the Nuclear Power Company for the design phase of the boilers for both stations.

Contracts The company has subcontracted this work to Northern Engineering Industries, which makes it favourite to receive a construction contract, with a substantial proportion of the work likely to be further sub-contracted to boiler-makers Babcock and Wilcox.

Contracts The station will be built at Heysham, in Lancashire, and will be the "B" station to Heysham A, now nearing completion.

Contracts The Prime Minister said in the Commons yesterday that she had emphasised, during discussions at the European Council meeting in Strasbourg last week, the part alternative sources of energy such as nuclear power should play.

Contracts The two boards, particularly the CEGB, are eager to place contracts for standardised, replicated turbines and boilers. The CEGB has complained that the AGR stations, built so far, have all been prototype stations, and have, therefore, involved the Board in extra costs.

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OPEC begins Geneva talks

By Richard Johns in Geneva

THE Organisation of Petroleum Exporting Countries began its Ministerial conference here today with member States having little idea how prices might be unified in a rational structure.

At Tuesday morning's session the key issue was not discussed as Ministers dealt with routine administrative matters and delegates said they were unlikely to get to grips with it until today.

Saudi Arabia is understood to be adamant still that the basic reference price set by its Arabian Light market crude should not rise from the present level of \$14.55 to more than \$18.

Following a three-month period in which producers have been able to slip on surcharges of up to \$5.31 a barrel over and above traditionally accepted differentials, other members feel that the price of market crude should be at least \$20 per barrel.

Uncertainty The militant Iranian delegation is said to have been talking in terms of \$23—but this may be an opening bid of a kind that normally precedes OPEC horse trading.

Most members favour returning to a unified price structure and ending the chaos that has profited them but is acknowledged to have been unsatisfactory.

Asked about the eventual outcome of the conference, one Venezuelan delegate summed up the general uncertainty with the comment: "Your guess is as good as mine."

There has been talk of setting an interim measure a minimum-floor price—in effect the Saudi one—of \$17.50 to \$18 and a maximum of \$21, allowing producers to obtain whatever they can in addition for premium crudes during the third quarter of 1979.

Sheikh Ali Khalifa al-Sabah, the Kuwaiti Oil Minister, has said here he thinks the best solution would be a \$20 official OPEC price. But a split price Continued on Back Page Other energy news, Page 5

Table with columns: \$ in New York, June 25, Previous. Lists various market rates.

Fuel costs push up U.S. retail prices

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

THE TWIN spectres of continued high inflation and an energy-induced economic recession in the U.S. were given more substance yesterday.

First, the U.S. Government announced that the consumer price index rose by a further 1.1 per cent in May, largely because of soaring fuel costs. So far this year retail prices have gone up at an annual rate of 13.3 per cent, and such relief as was offered by more stable food prices has been swamped by the mounting cost of energy.

Second, it was reported that the Commerce Department's preliminary calculation of available economic statistics for the second quarter pointed to a fall of more than 2 per cent in real terms at an annual rate in the gross national product in the period.

The Department's findings, in a confidential document circulated to Cabinet officers a copy of which was obtained by the New York Times, highlight considerable weakness in consumer spending, housing and capital goods orders, all stemming from the diversion of resources into meeting the energy bill.

In the first three months GNP rose at an annual rate of 0.8 per cent; classically a recession is defined as two consecutive quarters of negative growth. Thus if the Department's preliminary findings are borne out by later data, the long-awaited recession may already have begun.

Officials stressed that the largest proportion of the decline was accounted for by the precipitate fall in car and lorry production and sales, itself a reflection of the energy crisis.

Either an improvement or a strike at this time will be a disaster for the economy.

Chrysler Ryton workers vote to strike

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

CHRYSLER UK workers at the Ryton assembly plant, Coventry, voted overwhelmingly yesterday to strike from Friday, although the management had warned that the action would almost certainly mark the start of a rundown in the size of our country.

The 2,000 workers are protesting against the company's offer of a 13 per cent pay rise due to take effect next week. In a letter to manual workers, the management pointed out that the company had lost £130m in the past five years and the deficit forecast for the current year was about £30m. The company was not in a position to make a settlement it could not afford.

A strike at this time will be a disaster for the economy. Continued on Back Page Peugeot plans disband Chrysler unions, Page 13 Engineers plan overtime ban, Back Page

Jobless total falls again

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

ADULT UNEMPLOYMENT continued to fall sharply in the last month, while notified vacancies rose to the highest level since November 1974. This reflects the upturn in economic activity and the consumer boom since early spring.

Department of Employment figures published yesterday show that in the month to mid-June the number of adults out of work in the UK fell by 26,800 to 1.28m, equivalent to 5.3 per cent of the labour force. The unemployment total has fallen by nearly 83,000 since mid-February and by 155,300 since the September 1977 peak of 1.43m.

Another sign of the strength of the labour market is the steady rise in notified vacancies, which are about one-third of the total jobs available. The number increased by 5,100 to 262,400 in the month to mid-June, for a rise of 31,500 in four months.

There is also evidence of an increasing flow of jobs onto the vacancies register and of people off the unemployment register. This supports the frequent reports of staff shortages, notably in London and the South-east. The trend is also consistent with the recent buoyant level of consumer spending and a recovery in economic activity.

The labour market balance may start to change later in the year because of public spending cuts and the recruitment freeze in large parts of central Government. The expected slowdown in private sector output growth may also have an impact by early next year, after the usual time lags.

The timing and size of any increase in unemployment are impossible to predict, partly because the traditional relationship between output and jobs has broken down in the last four years. But Mr. James Prior, Employment Secretary, warned last week that unemployment could rise by a "couple of hundred thousand" over the next year or so.

The unadjusted UK unemployment total rose by 45,600 to 1.34m in the month to mid-June. This was entirely because of an increase of 104,500 to 143,800 in the number of school leavers on the register. The total is slightly less than at the same stage last year.

Unemployment map Page 11 Feature Page 24

Unemployment: why Britain is facing a painful increase 24 U.S. and Latin America: the end of the banana republics 25 U.S.: the windfall profits tax 7 Management: planning corporate strategy in an age of uncertainty 21

Table with columns: American News, Int'l Companies, Stock Markets, PROSPECTUS. Lists various market news items.

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EUROPEAN NEWS

Emminger hints at discount rate rise

BY JONATHAN CARR IN MUNICH  
DR. OTMAR EMMINGER, President of the Bundesbank, strongly defended his institution's monetary stability policy yesterday against foreign criticism, and dropped a broad hint that the discount rate will be raised soon.

His comments in Munich follow suggestions by some weaker-currency countries within the European Monetary System (EMS) that the tough course followed by the West German Central Bank has made their positions more difficult.

Speaking to the annual meeting of the IFO Economic Institute, Dr. Emminger stressed that effective stability policies by all member countries remained a key condition for the proper functioning of the EMS.

So far, experience in this respect had not been very positive, but this might change, Dr. Emminger said. West Germany would have to fight still harder to maintain its own

at present largely isolated—stability role and to convince others to follow suit.

Apparently heralding further action in this direction, Dr. Emminger said the current discount rate of 4 per cent was not appropriate to market conditions. It could be asked whether this should not be corrected before long, he said.

It is understood that the Bundesbank has come close to raising discount rate recently, and did not do so because it felt the action, though demanded by German internal policy, would increase problems for partners abroad.

Hence the central bank's irritation at foreign criticism now—raised most recently in an EEC Finance Council meeting. The Bundesbank appears set on a further effort to contain rising domestic inflation.

Dr. Otto Schlecht, State Secretary at the Economics

Ministry, who was taking part in the IFO discussions with Dr. Emminger, praised the general course of Bundesbank policy. But he publicly chided both the Bundesbank president and Herr Karl Otto Pöhl, the vice president, for their somewhat dramatic style of presentation.

He noted, for example, that Dr. Emminger had not long ago used the expression "alarm-level one" over the state of German monetary policy. Such words were likely to make businessmen and others feel less secure, Dr. Schlecht said.

Dr. Emminger replied he had used the words because although the Bundesbank had late last year announced a target rate for growth of money supply in 1979, the commercial banks had taken no notice of this for months. He finally felt it was time to bang the table and comments made to him since then made him feel he had been right to do so.



Dr. Otmar Emminger, president of the Bundesbank

May trade deficit is Denmark's biggest ever

By Hilary Barnes in Copenhagen

DENMARK'S TRADE deficit in May was the biggest ever for a single month, at Kr 2.3bn (£200m), taking the deficit for the first five months to Kr 8.1bn, compared with Kr 6.5bn for the same period last year.

Last week, the Government announced tough measures designed to prevent a rapid deterioration of the current balance of payments.

The measures, which are to receive approval by the Folketing this week, include increases of over 20 per cent in energy prices and cuts in Government and local government spending plans.

The preliminary trade figures for May did not specify the contribution of oil to the growing deficit, but imports in May were 25 per cent higher than in May last year, at Kr 8.29bn. For the first five months, imports rose by 16 per cent, to Kr 37.7bn.

Exports in May rose by 9.8 per cent, to Kr 5.9bn, and for the first five months by 13.9 per cent, to Kr 29.6bn.

Last week's Government measures are not expected to produce an improvement in the current balance-of-payments deficit, which was Kr 7.7bn last year and Kr 3.8bn in the first quarter of this year, but they will prevent the deficit from getting worse. The Government now expects deficits of around Kr 9bn in both 1979 and 1980.

Measures to ease Italy's exchange controls urged

BY RUPERT CORNWELL IN ROME

A SIGNIFICANT package of measures to relax Italy's stringent foreign exchange controls, which were introduced amid the successive lira crises of 1976, has been proposed by the country's currency exchange office (UIC). The office is closely, though not formally, linked with the Bank of Italy.

The recommended steps include an increase in tourist currency allowances from the present L750,000 (£425) to L1m or L1.5m (£850) per trip, and a rise in the maximum permitted export and import of Italian banknotes to L300,000 from the present L100,000.

The office is technically autonomous, but in practice works closely with the central bank. Its suggestions thus have considerable weight—all the

more so, since they were broadly endorsed by Sig. Paolo Baffi, governor of the Bank of Italy, in his annual report last month.

An easing of exchange controls would not only be the logical follow-up to the recent sharp improvement in Italy's external position. They also could prove a useful check on currency inflows, which have been behind the recent, and somewhat improbable, argument over the merits of a revaluation of the lira.

The other proposals include:

- 1—An extension of the maximum permitted period for repatriation of export proceeds and settlement of imports to 180 days from 120. This would bring Italy closer into line with international practice.
- 2—An extension of the per-

mitted life of special foreign exchange accounts from the present 15 days to 60 days.

- 3—The right once again for Italian-based banks to extend lira-denominated credit lines to foreign correspondents, and relaxation of the complicated procedures relating to foreign currency financing of import payments.
- 4—Measures to straighten out the position of Italian banks which have acquired holdings in foreign banks or set up their own foreign "holding" concerns, with a book value of an estimated L100bn (£58m).

Many of these deals are at present recorded as unspecified debit items on their balance sheets. Instead, the banks would be permitted to acquire the foreign currency required to bring the transactions into line.

German population falling

BY ROGER BOYES IN BONN

THE population of West Germany is likely to fall dramatically over the next 50 years, with far-reaching consequences for the German economy, a long-term forecast issued by the Cologne-based Institute for German Economy said yesterday.

The German population is likely to fall to 55.9m in the year 2000 from a total of 61.4m in 1976, the Institute estimates. Unless a rapid upswing occurred in the birth rate, matters would get steadily worse after 2000, with the population dropping to 42m in the year 2050, and 23.3m in 2070.

Even these figures, the institute said, were based on a status quo model. In fact, a small but steady drop was taking place in the birth rate, so that these forecasts were probably optimistic.

The declining population would hit the economy in two ways, by reducing consumer demand and putting strain on the employment market. But in the short-term—over the next 20 years—the problems could be kept under control.

The bulk of consumer demand would be maintained by the large band of middle-aged—who are now in their 30s. Moreover, a 3-4 per cent increase in productivity should be sufficient to ease the impact of labour shortages and imbalances.

Recent Government studies have shown that the authorities can actually profit in the short-term from the declining birth rate. One has demonstrated that, with a static birth rate, it should be possible to save DM 6.5bn (£1.6bn) in 1984 because of fewer child allowances.

French revise accounting

BY TERRY DODSWORTH IN PARIS

STEPS TO revise French accounting practice with the aim of bringing it more into line with European practice were put in motion by the Economics Ministry yesterday.

It is expected that the reorganisation, which will involve the adaptation of French legislation on company accounts, will take until 1982 to complete.

According to EEC directives, accounting law must be harmonised by August next year. After that, a further 18 months can be accorded to companies to make the necessary changes.

The French are taking the opportunity to develop a system which they believe will be more informative.

Frequent criticisms have been made of present practice, on the grounds that it gives

companies too much leeway to obscure what is happening in the organisation.

The changes will centre on two main issues, a system of giving indications of general management standards, and a new guideline to the basic figures which must be presented in the accounts.

The Ministry claims that these moves will make accounting standards clearer, and also more adaptable to the needs of companies of different character and size.

Under the heading of management indicators, annual accounts will be expected to show gross operating results, and the capacity for self-financing.

The presentation of more traditional figures will be organised under two main headings.

Spain's inflation ahead of target

BY ROBERT GRAHAM IN MADRID

SR. FERNANDO ABRIL MAR-TORELL, Spain's economic overlord, yesterday conceded that inflation was running above the Government's target and, as a result, existing wage agreements would have to be adjusted.

Mr. Abril's comments coincided with the official announcement of the May consumer price figures, which recorded an increase of 1.2 per cent. For the first five months, the accumulated rate of inflation is 6.4 per cent. This compares with a government target of 6.5 per cent for the first six months.

Mr. Abril, who is deputy Prime Minister with overall responsibility for the economy, said yesterday that the January-June inflation figures would be above

Spain's inflation ahead of target

the 6.5 per cent target, although he did not say by how much. On a yearly basis, inflation is running at just under 14.5 per cent, which compares with a government target of reducing inflation during the year from 17 per cent to 10.12 per cent.

The Government's wages policy was formulated in a controversial decree at the end of December, when the Government gave the idea of a negotiated agreement between trade unions and employers. Wages were allowed to increase to a maximum of 11.13 per cent. But it was stated that should the half-year inflation rate rise above 6.5 per cent, wage agreements would be adjusted accordingly.

Mr. Abril discounted the prospect of a generalised wage negotiation of existing wage agreements. He gave no details of the mechanism he envisaged, but it appears that the Government is considering a simple adjustment which would permit the already agreed increases to keep pace with the higher rate of inflation. This may not be so simple to apply, however, since

at least 10 per cent of the major wage agreements contained awards higher than the Government norm. Therefore it could cause considerable antagonism if the inflation adjustment were applied to the 12 per cent average envisaged in the original decree.

Last year, the Government refused to raise energy prices, especially the heavily subsidised fuel oil, in order to hold inflation down. This year, Spain has continued to import oil and oil products at above the European average.

The breach of the inflation target is part of a more general slippage in Government economic objectives for 1979. The planned 4 per cent growth in GDP is now unlikely, and could stick at 2.7 per cent. This would result in unemployment increasing by over 250,000, instead of levelling off. Thus, if the unions so choose, they can take the Government to task using wage restraint as a bargaining counter. This could also be extended to the whole area of labour legislation now being formulated.

E. Germans, Soviets co-ordinating Rhodesia strategy

BY LESLIE COLLITT IN BERLIN

THE EAST GERMAN and Soviet Defence Ministers are meeting to co-ordinate increased military aid to the Patriotic Front guerrillas fighting in Zimbabwe Rhodesia. The Soviet Union is to step up shipments of artillery and ground-to-air missiles, with East Germany providing training.

Gen. Heinz Hoffmann, East Germany's Defence Minister, and Marshal Dmitri Ustinov, the Soviet Defence Minister, are holding talks in Moscow on their joint military efforts in southern Africa.

The East German Defence Minister is in the Soviet Union, after his recent visit to the head of an East German military delegation to the front-line states of Zambia, Tanzania, Angola and Mozambique which are aligned against Zimbabwe Rhodesia. Last week Mr. Joshua Nkomo, co-president of the Patriotic Front, spent six days in East Germany discussing details of the new East German military aid programme.

In a toast to Marshal Ustinov, Gen. Hoffmann said East Germany has learned from the "Soviet Union and its army

how to practise solidarity and to give effective aid to the peoples taking part in the anti-imperialist struggle."

East Germany is estimated to have more than 700 soldiers and officers in Angola and Mozambique, whose armies they are training to use Soviet tanks and howitzers. At least as many East German civilian advisers are reported to be helping set up the state security and police forces.

East European reports say East German army training officers are to be sent to Tanzania and Zambia to instruct the Patriotic Front forces in the use of 122 mm and 132 mm howitzers and Soviet ground-to-air missiles.

Yesterday's East German Communist Party newspaper, Neues Deutschland, carries a series of dispatches designed to show that the U.S. is setting up an "intervention force" for possible use in southern Africa. The newspaper also quotes a Zambian publication, which alleges that the West is "secretly testing new weapons in Rhodesia, including chemical warfare agents."



Forum for world leaders.

When China's Vice Premier Deng Xiaoping landed in Washington recently, the world's balance of power began to change.

Just before leaving China, Deng spoke freely to one American publication about the purpose and significance of his visit.

As had Brezhnev a few weeks before, Deng spoke exclusively to TIME. Partly because in TIME his ideas would be spread among the leadership community in all the nations important to an emerging China; and partly because TIME has long been recognized as the foremost journal of news in the world.

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EUROPEAN NEWS

Dutch consider tougher action on tax evaders

By CHARLES BATCHELOR IN AMSTERDAM

DUTCH GOVERNMENT is considering tougher measures against the growing number of people—possibly as many as two in three—who are not paying their taxes. Officials now being considered by the Finance Ministry include publication of the names of evaders in the Official Gazette and allowing tax inspectors to enter private homes.

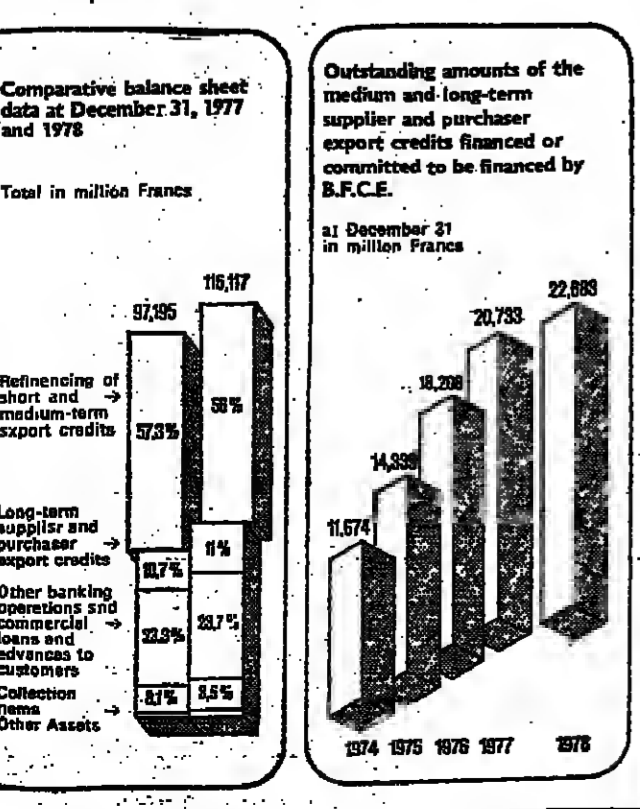
Basques protest at killing

PARIS—Paramilitary guards battled with about 100 Basque demonstrators in northern Spain yesterday at the killing of a Basque nationalist in southern France on Monday.

banque française du commerce extérieur

The Annual General Meeting of Shareholders, under the chairmanship of Mr. GISCARD D'ESTAING, President, assisted by Mr. Georges ASSEMAT, Honorary President, and Mr. Albert BOUVIER, Managing Director, took place on April 25, 1979, to approve the accounts for 1978.

Last year, and under the control of its statutory auditors, the bank completed the revaluation of fixed assets appearing in the balance sheet as of December 31, 1976, as follows: For non-amortizable items, by means of a complementary revaluation of F.Fr. 18.7 million added to the F.Fr. 41.8 million already set aside last year and of which F.Fr. 30 million were incorporated in the capital on November 3, 1977.



Relief all round as Irish post strike ends

By Stewart Dalby in Dublin

THE END of Ireland's 18-week post and telephone strike has been greeted by huge sighs of relief from industry, dependent on imports for nearly 75 per cent of its energy needs, France is particularly vulnerable to the rapid escalation in oil prices, which have already begun to undermine Prime Minister Raymond Barre's 3-year-old economic recovery plan.

Against the losses, the department did save some £15m in unpaid wages. The strike fund ran out long ago, and most postmen have been living on social security for many weeks. Welfare benefits ultimately ran at a much lower level than wages. But even so, for the department (and that means the Government), what was lost on the roundabouts was almost certainly not made up on the swings, particularly when one adds the cost of the 15 per cent pay settlement for postmen and telephonists.

Elsewhere in the economy, the Government itself has been suffering from the drop in tax revenues, particularly in income tax and VAT. One estimate is that revenues for the first quarter were down by £150m. Taxation, both indirect and direct, was of the order of £2bn last year.

Rising oil prices have hit France hard. Robert Mauthner reports.

Giscard wants joint action

IT IS NOT for nothing that the French have been so active recently in promoting international measures to deal with the energy crisis, which will be at the heart of the Tokyo summit discussions this week.

At the end of last year, the outlook for the French economy was still relatively rosy. The current account was in the black to the tune of F.Fr. 17.8bn (about 2bn) for the first time since 1972, and the trade balance had swung into a surplus of F.Fr. 2.5bn after 2 years of deficit.

The wave of OPEC price increases since the beginning of the year, while not necessarily spelling disaster for the French economy in 1979, has produced a much more pessimistic business climate. The latest survey

of business opinion conducted by the National Institute of Statistics (INSEE) indicates that order books are again emptying and that stocks of manufactured goods are considered to be too high. While production of both capital and semi-finished goods is still improving and consumer goods are holding up well, the trend is not expected to last much beyond the summer.

In the circumstances, it is hardly surprising that the authorities have scaled down their forecasts for 1979, and many independent observers even consider that the latest predictions are too optimistic. Thus, the French Government still believes that GNP will rise by about 8.4 per cent this year, while the OECD foresees that it will increase by no more than 3 per cent.

The series of energy-saving measures announced by the Government last week, which include a reduction in domestic fuel deliveries, a lowering of maximum temperatures for heating of buildings and stricter speed limits for trucks, can do

no more than moderate the rise in France's oil import bill. There is no question now of reducing it below F.Fr. 70bn this year.

At the same time, the rate of inflation has jumped to a level which makes the French Government's aim of reducing the gap with West Germany

reached the record level of 1.3m, is as far from solution as ever, in spite of the adoption by the Government of successive job-creation and youth employment plans.

The one really effective way to reduce unemployment would be to give an expansionary push to the economy and that, given the balance of payments and inflation constraints, is hardly a step which M. Barre could contemplate at the moment.

It is clear, however, that the real key to France's economic salvation lies in its handling of the energy problem. The long-term plans have already been laid. The French have one of the most ambitious nuclear programmes in the world. The target for 1985 is for France to have a total nuclear electricity capacity of 40,000 MW, satisfying 55 per cent of the country's consumption of electricity, compared with only 13 per cent last year.

But it will be a very long time indeed before France is completely self-sufficient in energy. The Economic and Social Council recently issued a warning that the country's reliance on imported energy could still be of the order of 60 per cent in 1980 if steps are not taken rapidly to conserve energy.

That is why President Giscard d'Estaing was so active in pressing France's European partners to adopt a joint position on energy before the Tokyo summit.

Though France did not win full acceptance for its proposals at last week's European Council in Strasbourg, President Giscard can be relied upon to return to the attack in Tokyo.

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But it will be a very long time indeed before France is completely self-sufficient in energy. The Economic and Social Council recently issued a warning that the country's reliance on imported energy could still be of the order of 60 per cent in 1980 if steps are not taken rapidly to conserve energy.

That is why President Giscard d'Estaing was so active in pressing France's European partners to adopt a joint position on energy before the Tokyo summit.

Though France did not win full acceptance for its proposals at last week's European Council in Strasbourg, President Giscard can be relied upon to return to the attack in Tokyo.

W. German steel orders fall in May

By Guy Hawtin in Frankfurt

THE WEST GERMAN steel industry saw its orders in May decline for the second month in a row, although average bookings are still well above the previous year's level.

Even so, the fall, which came about as a result of declining demand in the home market, must be worrying the industry. Sales are still markedly below pre-recessionary figures.

The statistics, published yesterday by the West German Iron and Steel Industry Association, show bookings for rolled steel finished products down 4.9 per cent to 1.78m tonnes from April to May. This follows hard on the heels of the 12 per cent drop in orders from March to April.

The figures, which do not include three per cent for semi-finished products, but rolled broad strip and special steels, show a 10.2 per cent drop in bookings from the domestic market—the industry's biggest customer. They fell from April's 1.2m tonnes to 1.07m tonnes.

Small increases in demand from European Community customers and buyers in third countries outside the EEC failed to offset the drop. EEC bookings rose by 2.9 per cent from 232,000 tonnes to 241,000 tonnes, while orders from third countries went up 5 per cent from April's 425,000 tonnes to 460,000 tonnes.

Deliveries from April to May rose by 9 per cent from 1.76m tonnes to 1.92m tonnes. As a result, the industry's order book fell back from 4.3m tonnes at the end of April to 4.34m tonnes—a decline of 3.3 per cent.

However, according to the Association, bookings in May were 120,000 tonnes higher than in the same month of 1978.

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OVERSEAS NEWS

New York calls for help as supplies drop

BY DAVID LASCELLES IN NEW YORK

NEW YORK STATE, one of the areas worst affected by the petrol shortage, yesterday appealed to Washington for help. The appeal came as several large petrol producers warned of further cutbacks in supplies next month.

S. African strategic oil reserves 'not touched'

BY BERNARD SIMON IN JOHANNESBURG

SOUTH AFRICA has not used a single drop of its strategic oil reserves since the Iranian revolution, according to Mr. D. P. De Villiers, the chairman of Sasol, the South African corporation which produces oil from coal.

IRAQ, KUWAIT AMEND OIL CONTRACTS

New clauses bring risk of price escalation

BY RICHARD JOHNS, MIDDLE EAST EDITOR, IN GENEVA

CONSUMERS are faced with a new mechanism for the escalation of oil prices to the top going rate if the Organisation of Petroleum Exporting Countries' Ministerial conference in Geneva fails to agree on a unified structure.



There the issue is whether Saudi Arabia will be prepared to charge a minimum of \$20 per barrel rather than \$17.18 which it considers reasonable.

Kuwait backs price rise to \$20

BY KEVIN DONE, ENERGY CORRESPONDENT

AN INCREASE in the price of crude oil to about \$20 a barrel is the only option likely to be acceptable to both oil consumers and producers, Sheikh Ali Khalifa al-Sabah, Oil Minister of Kuwait, told the City forum conference on "Oil, Money and Politics" in Montreal.

North Sea reserves put at 78bn barrels

BY SUE CAMERON

THE NORTH SEA may contain oil to twice as much recoverable oil as some of the major oil companies estimate, Dr. Ken Rosing, of Erasmus University, Rotterdam, said yesterday.

Venezuela is campaigning for the fund's capital to be increased by another \$800m in addition to the \$1.8bn contributed so far for development projects and help with balance of payments.

In addition Sr. Humberto Calderon Berti, Venezuela's Minister of Mines and Hydrocarbons, suggested yesterday that OPEC could borrow on the international market to raise extra money for the Third World.

Sharp rise in Italian oil prices agreed

By Rupert Cornwell in Rome

THE ITALIAN Government has taken its first concrete domestic action to deal with the growing threat of the energy crisis by imposing a 10 per cent increase in the price of diesel oil and heating oil used in homes.

DKB'S ECONOMIC JOURNAL June 1979: Vol.8 No.6 Recovery of business in Japan bears watching yet amidst soaring of prices. Includes a line graph titled 'Year-to-Year Changes in Export-Related Indicators' showing trends from July 1978 to April 1979.

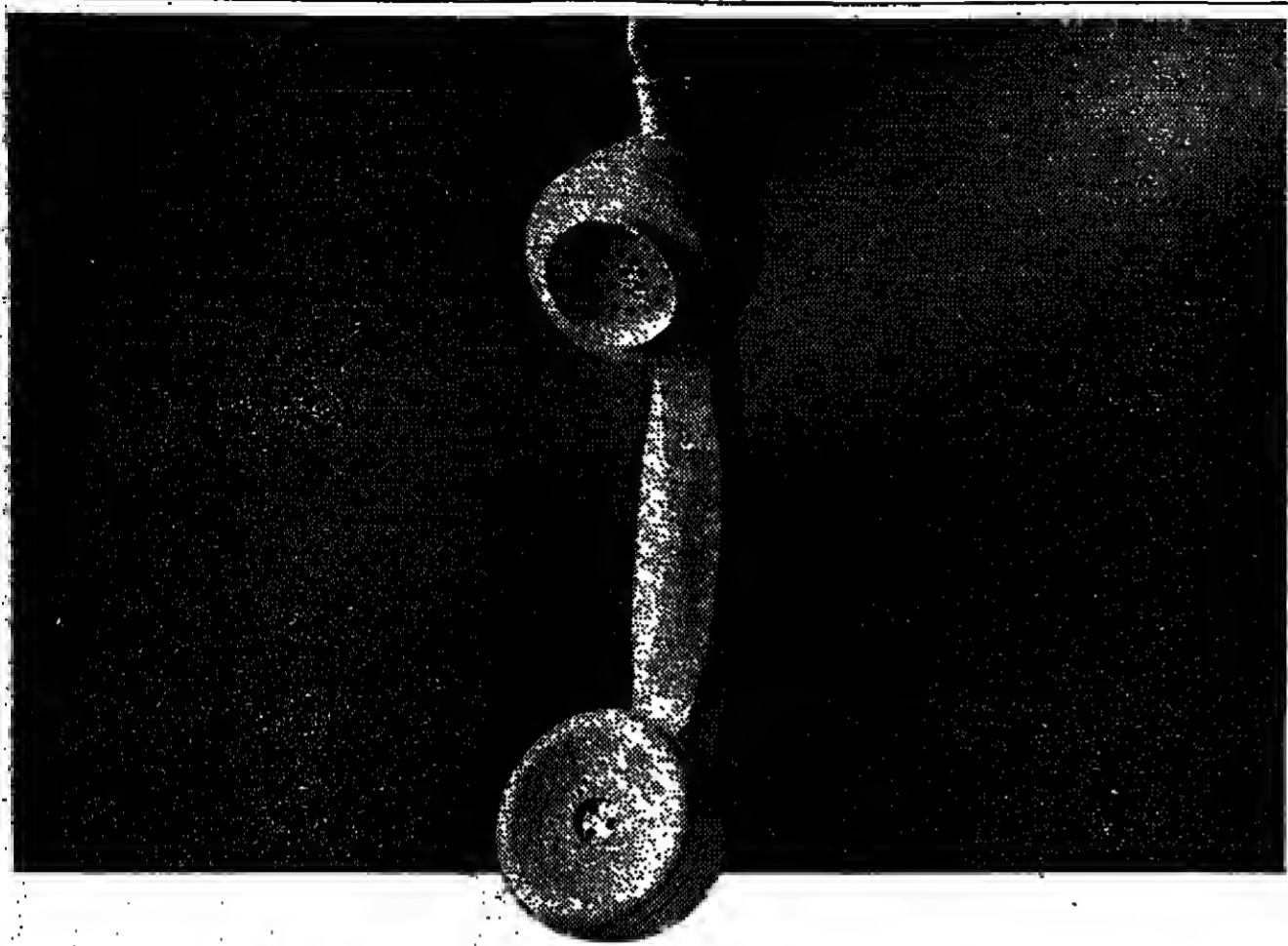
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Philips' new EBX 8000 computerised exchange kills both these incidents, and a good many more. If a line is engaged, or unanswered, it will automatically transfer the call to another line, or lines, in a pre-arranged rota.

**DON'T CALL US, IT'LL CALL YOU**

The EBX 8000 will even automatically ring

you back if you call an engaged extension, when that extension is free.

It will bring a third party in on a conversation, at your bidding. It has a very ingenious system of abbreviated dialling, which enables you to call Mönchen-Gladbach in just three or four digits. (Less chance of mistakes.)

And if you want to prevent your secretary ringing her boyfriend in Sydney, it has a fiendish device that remembers to stop such an

abandoned use. And it does much more to make it literally 'future-proof' - from 300 to 8,000 extensions.

The EBX 8000 typifies Philips' approach to business equipment. Put simply, it's the 'better mousetrap' philosophy.

Philips believe all things are capable of improvement. Inconveniences, snags, snarl-ups and delays are not an inevitable pre-ordained part of business life.



**How Philips made the quick brown fox jump even quicker.**

"Send this memo only to the members of the company earning over £26,000 a year. And I want the pyramid chart of our overseas structure completely revised. After that, you can update our brochure for new staff to bring it into line with the Sex Discrimination Act."

A secretary armed with the new Philips 300 Series Dictating machine for word input and the P5002 Word Processor for word output would take this in her stride.

**THE COMPUTER WITH A 44,000-WORD VOCABULARY**  
The 300 Series Dictation/Transcription

range will cope with 30 minutes of dictation on the new 'Mark and Find' mini-cassette - about 4,000 words.

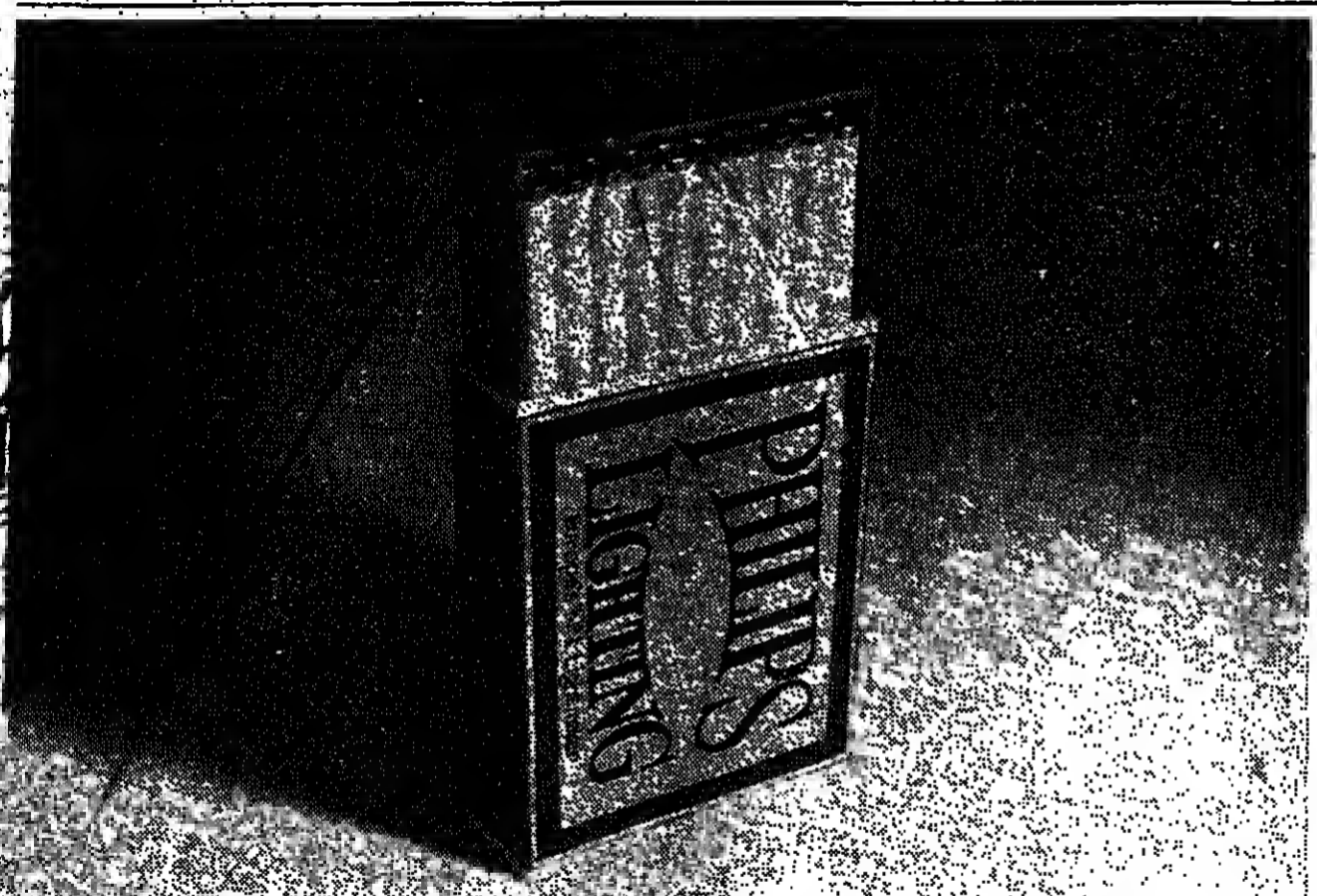
The P5002 Word Processor can memorise 128 typed A4 pages which is the equivalent of 10 of these mini-cassettes.

It will type them, amend them, personalize them (in the case of letters), search through a whole document for a particular phrase, and even remember that every time you say "p'eration" you want it spelled out as "price earning ratio on a nil

tax basis." Because the P5002 uses floppy disks for its elephantine memory it cuts down dramatically the time your secretary needs for what is called her 'text production function' (typing, to you and me).

So she has more time to be a real secretary.

And this, so far as Philips are concerned, is what business efficiency is all about - making machines do the boring, repetitive parts so that people can concentrate on more rewarding work.



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Until Philips introduced Colour 84, high light-output fluorescent lighting gave poor colour rendering, and tubes which gave faithful colour were poor in light output.

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**NO SELLING UNDER FALSE COLOURS**

Shopkeepers like Colour 84, because nobody buys a bluish pink cardigan only to find it's old rose when they get it home. Office

managers like it because it's easier on the eyes. And accountants like it because it cuts lighting electricity bills by up to 1/3.

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And this tenet is followed faithfully in every area of business efficiency in which Philips are involved.



**What the well-dressed computer operator is wearing.**

It is, of course, a mini-cassette. (A Philips invention, by the way.) But it's not for dictation.

It's used to program Philips' new generation of small computers for companies about to take the awesome step of moving into computers from electro-mechanical accounting.

The INFORMA, P300 and P400 ranges have been designed to make this transition as painless as possible.

They range in price from the cost of a Cortina to a Daimler Double-Six. They are

backed by a library of 200 ready-to-wear programs, neatly packaged in mini-cassettes.

**THEY CALL IT 'USER FRIENDLY'**

Most important from a first-timer's viewpoint, they are, in the jargon of the business, "user-friendly."

They don't demand long retraining of your staff, nor do they need new specialist staff. It takes a good typist under two days to get the hang of them.

If you don't immediately associate Philips

with computers, you should know that Philips are market leaders in all but the very largest data processing systems.

Philips' record to date of 75,000 installations gives them a unique storehouse of knowledge, and puts them in a unique position to pioneer innovation.

These 'starter' computers illustrate aptly Philips' approach to business efficiency.

Look at a problem from the user's viewpoint. And then *innovate* to solve those problems.

**Philips - a whole new world of knowledge in business efficiency.**

In the last few weeks you'll have seen these advertisements for some aspects of Philips in business efficiency.

However, you'll realise that the picture is far from complete. We haven't touched on closed-circuit TV, audio and video systems, traffic control, environmental monitoring, or many other areas concerned with business efficiency.

**WHO KEEPS THE KEY TO THE STOREHOUSE?**

To bring these diverse interests together, Philips have set up a special unit - Philips Group Projects (U.K.) - to help companies engaged in plans which need a whole gamut of electronic products and services.

It is a single point of contact which can deal with everything from management services, design, engineering and research to finance.

The new communications systems for the All-England Club, Wimbledon and Britain's largest indoor leisure centre in

Sunderland, are two ventures in which Philips Group Projects (U.K.) have played a major part, as well as a host of more modest projects.

**NOT SEEING THE TREES FOR THE WOOD**

Philips are big in so many fields, it's easy to overlook the fact that they are very big in business efficiency.

In fact, Philips market leadership in the free world includes business communications, telecommunications, dictation systems, as well as medium size data processing systems.

And, putting our money where our mouth is, Philips spend over £450M a year world-wide on research and development to maintain this leadership.

"Simply years ahead" is the claim at the top of this advertisement.

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OVERSEAS NEWS

Peking announces law for joint ventures with West

BY JOHN HOFFMANN IN PEKING

CHINA'S Government yesterday published a disappointingly sketchy outline of a proposed law to govern joint capital ventures with foreign companies.

Mr. Hua Guofeng, the Prime Minister, also suggested this in his address to the congress last week. He said the law on joint ventures would be submitted to the congress for examination and approval.

truly up-to-date and suited to China's needs. Operation of joint ventures would be governed by the laws, decrees and regulations of China.



Mr. Masayoshi Ohira

Carter to discuss Korea withdrawal

By Richard Hanson in Tokyo

PRESIDENT CARTER will discuss U.S. plans for withdrawing ground troops from South Korea when he visits President Park Chung Hee this weekend following the Tokyo summit.

In a second round of talks yesterday with Mr. Masayoshi Ohira, the Japanese Prime Minister, President Carter stressed that the military balance on the Korean peninsula was a basic requirement for stability in the area.

The two leaders did not issue a joint communique following their two days of talks. The first round on Monday centred on what the seven-nation economic summit meeting could do about oil imports.

During the second session, Mr. Carter briefed the Japanese leader on the details of the SALT 2 agreement for which Mr. Ohira expressed support.

Kaunda-Muzorewa move fails

BY TONY HAWKINS IN SALISBURY

ATTEMPTS to arrange a meeting between Bishop Abel Muzorewa, Zimbabwe Rhodesia's Prime Minister, and President Kenneth Kaunda of Zambia have broken down.

overshadowed by an angry political dispute between black nationalist factions. When Mr. James Chikerema, leader of the break-away Zimbabwe Democratic Party left Parliament after the ceremonial opening by President Gamede, a crowd of supporters of the Bishop's United African National Council surged forward shouting, "Chikerema snake."

Doubts on royal security

BY MICHAEL HOLMAN IN LUSAKA AND MARTIN DICKSON IN LONDON

THE LATEST raid into Zambia by Zimbabwe Rhodesia forces will prompt fresh questions about the adequacy of security arrangements in Lusaka for the forthcoming visit by the Queen and for the Commonwealth conference.

Rampal, Commonwealth Secretary General, has stated that he has received no representations from Heads of Government for the venue to be changed. It is believed that even if there was a catastrophe in Zambia, the meeting would be postponed rather than transferred elsewhere.

A plume of black smoke rose into the sky yesterday from the Lusaka suburb of Roma after a helicopter-borne raid by the Rhodesians. Just two months ago there was a similar sight in the Zambian capital following an audacious attack by Rhodesian commandos on the home of Mr. Joshua Nkomo, leader of the Zimbabwe African People's Union (ZAPU) guerrilla movement, which is based in Zambia.

Despite this, the Queen is due to set out on a tour of Tanzania, Malawi, Botswana and Zambia next month, arriving in Lusaka on July 27 to be on hand for the start of the Commonwealth conference on August 1. Some 30 Heads of Government will be attending the Lusaka summit including Mrs. Margaret Thatcher, the British Prime Minister.

The question of security at the conference is a sensitive issue. Inside Zambia, where newspapers have furiously condemned suggestions that there might be a problem. The Zambians have a great deal of precious foreign exchange, time and national pride invested in both the summit and the Queen's visit and are extremely anxious that both should go ahead.

Unless there is a catastrophic change for the worse, it seems certain that the Heads of Government meeting will be held as planned. Mr. Shridath

ary seats and would seek Cabinet-level representation. In his speech from the throne, President Gamede called on the British Government to honour "not only its moral obligations, but also its clearly-stated promise," by according recognition to Zimbabwe Rhodesia and lifting economic sanctions.

He added that the Salisbury Government was anxious to live in peace and harmony with its neighbours, but it was also determined to take whatever defensive and pre-emptive action that might become necessary.

S. Africa gold output 'cause for concern'

By Bernard Simm in Johannesburg

IMPROVED LABOUR relations are one of the keys to the future well-being of South Africa's mining industry.

Referring to recent tension between the mining houses and white mine-workers over greater use of black labour, Mr. von Wielligh said the level of productivity in the goldmining industry was "a cause for concern."

The mining industry has strenuously attempted to meet this challenge but so far no major progress has been made. "Every effort, however, will be made to reach agreement with the labour unions to permit employers to train and utilise the labour force to its fullest potential."

White mine-workers who went on strike earlier this year in protest against the increasing use of black labour need have no fear about the security of their jobs, he added.

Mr. von Wielligh noted that mineral sales rose by 24 per cent last year to R6,876m (£3.7bn). Mineral exports accounted for about 65 per cent of total South African export earnings in 1978. The increase was mainly due to strong rises in gold, diamond and platinum prices.

Mr. von Wielligh referred specifically to the sharp increase in demand for gold jewellery, sales of which rose by 14 per cent in the U.S. last year after a 24 per cent increase in 1977.

South Africa had entered a "transitional stage" in its economic and political development, Mr. von Wielligh went on. The country had gained from its refusal to use strategic resources as political weapons. John Stewart reports from Cape Town: Jail sentences ranging from five to 30 years were imposed on 17 Africans convicted under South African security laws in the Bethal court, Eastern Transvaal, yesterday.

IMF critical of Israel economy

BY L. DANIEL IN TEL AVIV

STRONG criticism of Israel's economic policy has been expressed by the IMF Board of Directors, following a report prepared by an IMF mission which visited Israel several months ago.

The board is said to view with great concern the acceleration of inflation, the constantly expanding home market demand, and absence of restraints in the Government's budget.

Also said to be subjects of concern are unjustified increases in real wage and the ambitious striving for economic growth, which can only lead to a further deterioration in the balance of trade and thus in Israel's external debt.

by the Government are insufficient to contain the inflationary pressure. The warnings must be seen against the background of an acute shortage of labour, particularly in industry and construction.

This shortage comes even before relocation of the Israeli forces from Sinai to the Negev has begun. Military relocation and construction of new airfields alone, over the next three years, will cost £1bn (£18.3m).

to which must be added the cost of shifting the civilian settlements. The figures must be compared with a State budget for 1979/80 of £1 5.4bn.

As to the economic growth and home market demand, statistics released here show that while the GNP grew by 5.2 per cent in 1978, public expenditure—which accounts for a quarter of the GNP—grew by 13.8 per cent and private consumption by 6.3 per cent.

Hangings likely in Syria

BY IHSAN HIJAZI IN BEIRUT

PUBLIC HANGINGS are expected to take place in Syria soon after the sentencing to death of a number of people accused of involvement in the Aleppo massacre of artillery cadets.

According to reports from Damascus, up to 300 people have been rounded up. The Syrian Government and Ba'ath Party officials have vowed to

strike back at the Moslem Brotherhood, which they blame for the attack. Some reports in the Lebanese press say the Phalange of Mohammed, an underground faction, associated with the brotherhood, was responsible for the Aleppo killings and for other assassinations in Syria during the past three years. The group is said to have 4,000 members.

President Carter will discuss U.S. plans for withdrawing ground troops from South Korea when he visits President Park Chung Hee this weekend following the Tokyo summit.

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During the second session, Mr. Carter briefed the Japanese leader on the details of the SALT 2 agreement for which Mr. Ohira expressed support.

Degussa reports favourable overall results.

Fiscal 77/78. Metals sector grew substantially. Chemicals sector sluggish.

Fiscal 77/78 was a year of mixed fortunes for Degussa, a leading international chemicals and metals company. Slack demand, intense competition, and other adverse factors which curbed growth in the Chemicals sector were more than offset by significant gains in the Metals sector, particularly in the field of precious metals.

At home, Degussa acquired a majority shareholding in ASTA-Werke AG in Bielefeld, an important step in broadening the Group's capacity in Pharmaceuticals.

The balance sheet structure improved slightly with capital, reserves, and other long-term financial resources exceeding total fixed assets by 61.5%.

In Mobile, Alabama, following completion of an Aerosol plant in 1976 and a methionine plant in 1977, Degussa's cyanuric chloride and hydrocyanic acid plants went on stream in 1978.

Assets acquired amounted to DM 92.3 million—considerably above the previous year at DM 79 million—principally in the Chemicals sector.

For an English version of our 1978 Annual Report we invite you to write to: Degussa Abteilung Öffentlichkeitsarbeit R.O. Box 2644, D-6000 Frankfurt 1

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AFRICAN AND EUROPEAN INVESTMENT COMPANY LIMITED. NOTICE IS HEREBY GIVEN that the seventh Ordinary Meeting of the Shareholders of African and European Investment Company Limited will be held on 28th July 1979.

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA. Notice of the 1978 Annual General Meeting of the Anglo American Corporation of South Africa Limited.

AMERICAN EXECUTIVES seek luxury 4 bedroom detached house in the Yorkville District. Easy access by car only 13 miles from M5 motorway.

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CLUBS. We have notified the other because of a policy of fair play & will give money back on 10-3-30. Also & too many more. Tel: 01-477 1710.

PORTUGUESE GOVERNMENT 5% EXTERNAL DEBT 1992. In accordance with the Law of the 14th April 1992, the 1992 External Debt of the Portuguese Government will be repaid on 1st August of the same year.

INTERNATIONAL PACIFIC SECURITIES TRUST. Notice of the 1978 Annual Meeting of the International Pacific Securities Trust.

URUGUAYAN PER CENT CONVERSION PER LOAN 1993. Notice of the 1978 Annual Meeting of the Uruguayan Per Cent Conversion Per Loan 1993.

PUBLIC NOTICES. TAYNIR REGIONAL COUNCIL. Notice of the 1978 Annual Meeting of the Taynir Regional Council.

DAVID CARRITT LIMITED. Notice of the 1978 Annual Meeting of David Carritt Limited.

FIELDHOUSE GALLERIES. Notice of the 1978 Annual Meeting of Fieldhouse Galleries.

# U.S. issues visa to Rhodesian Prime Minister

DAVID BUCHAN IN WASHINGTON

U.S. State Department has issued a visa to Bishop Abel Muzorewa, Zimbabwe-Rhodesia's Prime Minister, to visit the U.S. a second week of July. Muzorewa is likely to talk with the Carter administration, which has just named a Rhodesian expert to lead a mission to South Africa to discuss contacts with the Government in Salisbury.

before Britain does, and that black African public opinion should be closely consulted. "No one wants to get out ahead of the British in this very difficult matter," a House committee official commented yesterday.

Because the House Committee vote was unanimous—33 to 0—its recommendation is expected to be approved by the full House, perhaps as early as this week.

Tony Hawkins adds from Salisbury: Officials here reacted sharply to President Carter's announcement that a junior State Department official would pay periodic visits to Zimbabwe Rhodesia from his base in Pretoria. One official described it as "almost an insult."

Administration's display of flexibility that it is willing to touch with the Salisbury Government and to review its position there has been taken some of the out of the anti-sanctions

Senate voted by a big majority to end sanctions this week. But signs of instability in the Muzorewa Government and inside the Bishop's party have had a tempering effect on many members in the House of Representatives. The Foreign Relations Committee recently voted unanimously that they should lift sanctions by October 15, but the President determines national interest would be affected by doing so. A move—if it prevails over Senate view—would give President Carter the free hand he wants. The committee also voted to end sanctions broadly, that the U.S. not act to end sanctions



Bishop Muzorewa

# Caribbean leaders go to Panama

PANAMA CITY—The five members of the Provisional Caribbean Government, of which Reconstruction are to be here today on their official state visit, in response to an invitation by Panamanian President José Royo.

The five members are Sr. Juan Chamorro, widow of Sr. Juan Chamorro, president of the opposition daily Prensa who was murdered in 1978; Sr. Alfonso Lopez, a leader of the broad front; Sr. Sergio Reyes, member of the opposition "Group of 12"; Sr. Hassan, a leader of the People's Movement; Sr. Daniel Ortega, member of the national directorate of the Sandinista Liberation Front.

Panama recognised the Provisional National Reconstruction Government last Friday, days after breaking relations with the Somoza regime.

date six countries have broken relations with Gen. Somoza's Government: Costa Rica, Panama, Ecuador, Brazil and Grenada. The Foreign Minister has said that his country is continuing breaking relations. Despite an aerial bombardment, National Guardsmen have made little headway against Sandinistas fighting in the area yesterday. Mr. John and an Associated Press photographer, said that the Sandinistas' morale is high. The Sandinistas' morale is high, he said.

# Plan for takeover moratorium

A SIX MONTH moratorium on foreign takeovers of U.S. banks was proposed by Mr. John Heinz, a member of the Senate Banking Committee yesterday. Senator Heinz, a Republican from Pennsylvania, said he would introduce legislation for the six-month moratorium, and also for the creation of a commission to study such takeovers. Reuter reports from Washington.

Since 1972 foreign bank assets in the U.S. have more than quadrupled from \$18bn to \$77bn, Senator Heinz said. "If all foreign takeovers of U.S. banks proposed within the last year are approved, an additional \$21bn can be added, bringing the total amount to nearly \$100bn or about 10 per cent of total bank assets," he said.

The increase in foreign takeovers had coincided with the rise of petrodollars, and a six-month ban would give the U.S. time to study and propose solutions to the problem.

# Bosworth predicts high inflation

Mr. Barry Bosworth, director of the Council on Wage and Price Stability, said yesterday he expects inflation to continue at a high rate for several more months. Reuter reports from Washington. "I do not think you can look to any moderation of inflation in the next few months," he told the Congressional Joint Economic Committee.

He expected substantial moderation in retail food prices in the next few months, but thought that any slack would be taken up by higher energy prices.

# Court disapproves of the Golden Fleece

JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

SUPREME COURT yesterday significantly narrowed the unity from prosecution that members of Congress enjoy for comments made off the floor of the legislature.

In one case, the court found Senator William Proxmire, prominent Wisconsin Democrat, could be sued for libel for comments he had made in a release and newsletters to constituents.

In another, it ruled that a artist singled out for favourable mention by the Senator in one of his releases was not a public figure who could sue for "actual malice" the Senator's part in bringing action against him.

Mr. Proxmire has for years been putting out one of Washington's intermittently using and occasionally calling institutions, known as the "Golden Fleece of the North" award. The award has sought to pinpoint the award what he considers to be outrageous wastes of public money. The winners were ranged from the Defence Department, for funding tests of the aerodynamic qualities of frisbees, to the Federal

Highway Administration, for a \$200,000 grant to study motorists' attitudes to large trucks.

In 1975, Mr. Proxmire focused on a subsidy given to a Michigan scientist for research into the behavioural aggression among monkeys. The scientist sued the senator but lost in the lower courts.

In its ruling, written by Chief Justice Warren Burger, the court found that Mr. Proxmire's awards were "not essential to the deliberations of the Senate," and that the constitution's "speech or debate" clause did not provide him immunity. The senator's releases only "represent the views and will of a single member," the Chief Justice wrote.

Additionally the court found that the Michigan scientist and in an unrelated case, a man named in a book as a Russian spy were not public figures in the sense that they did not enjoy the usual free access to the media to defend themselves.

Under U.S. law a public figure has to prove "actual malice" in order to win a libel action: that restriction is, therefore, removed.

# Windfall profits tax: how it affects the oil companies

BY DAVID LASCELLES

PRESIDENT CARTER'S plan to axe windfall earnings oil companies will reap from oil price decontrol has certainly captured the heart of the nation. But it can hardly be said to have captured its mind. The proposed tax is one of the most widely publicised yet intricate pieces of fiscal legislation ever put before Congress. To make matters worse, it already exists in two versions, the President's and the House Ways and Means Committee's and it will doubtless spawn further variants as it works its way through the statute books.

On June 1, Mr. Carter used his executive authority to abolish existing controls on oil prices (this incidentally, is one of the few things that the President can do about the current energy crisis without resort to Congress. Over a 28-month period, domestically-produced oil is to be phased into higher price categories until it all sells for the world market price.

But even then, U.S. oil prices will not be completely free. There will be a new "base price" for oil which can be adjusted only for inflation, not for any changes in the market or the OPEC price.

At the same time, Mr. Carter proposed to tax part of the amount by which the price of oil rises above its controlled level. Mr. Carter suggested a 50 per cent tax as sufficient to cut into the oil companies' wind-

fall profits without dampening their incentive to use their newfound wealth to go out and find more oil.

Thus, the tax was partly a sop for decontrol, but partly a measure to raise revenue which Mr. Carter said should be applied to developing alternative energy sources and reducing the dependence of the U.S. on imported oil.

Broadly, it would work like this: oil selling for \$10 per barrel before decontrol would be subject to a 54 tax if it went up to \$15. This tax would be levied on top of federal and state income tax, royalties and so on. But the tax would be temporary, it would be phased out once the decontrol process was over, probably by the mid-1980s.

Thus, a company whose income from oil rose from \$100m to \$150m as a result of decontrol would pay a 50 per cent tax on the \$50m, or \$25m. The remaining income, \$125m, would be subject to regular federal company tax at 45 per cent, or \$56.25m. The company would thus pay a total tax of \$81.25m, an effective tax rate of 54 per cent. (This example excludes royalties and other taxes).

A temporary tax of this kind had been widely predicted. But Mr. Carter went a step further and unexpectedly proposed a new permanent tax to succeed the windfall profits tax. This would take away half the difference between the new domestic oil "base" price reached in 1981 and any increases in the price of U.S. oil directly attributable to moves by OPEC, hence its name, the "OPEC" tax. The idea, he said, was to prevent unearned and excessive profits resulting from possible future

public welcomed it, and the oil industry accepted it as the political price for decontrol.

The House Ways and Means Committee, the first Congressional body to examine the tax, turned out to be hawkish. After several days of lively debate it put together a Bill which hardened Mr. Carter's proposals

Mr. Carter's \$16, with the first 39 that prices rise above that subject to a 50 per cent rather than a 70 per cent tax, the idea being to encourage the oil industry to find new oil.

The oil companies are angry about the tax because they say it will blunt their incentives to explore for oil or install expensive tertiary recovery techniques to enhance production from existing wells. So few costs are allowable against the tax that it amounts to a tax on revenue rather than earnings. (One treasury estimate of the costs that oil companies will be able to set against windfall earnings in 1980 amounted to only 25 per cent.) The tax will fall hardest on companies (including many majors) who rely on their cash flow from existing production to finance future exploration.

On the other hand, many observers have argued that the last round of oil price increases did not produce a spurt in oil exploration and production. They also say that while the oil industry as a whole gets a return on its investment that is close to the industry-wide average of 13 per cent, exploration and production activities earn a return closer to 20 per cent, making a strong case for a windfall profits tax.

The oil companies retort that exploration and production is a high risk business, and that they need a high return to keep at it, particularly since cheap oil

sources are now pretty well exhausted, and new finds will have to come in the costly northern or offshore areas.

The oil companies are most angry about the "OPEC" tax because unlike the rest of Mr. Carter's proposals, it amounts to a new permanent tax on oil revenues. Mobil, the country's second largest oil company and its most vocal, even went so far as to urge the industry to accept permanent price controls on oil from existing wells, in exchange for complete decontrol of new oil and no "OPEC" tax. This idea did not inspire the rest of the oil industry, though, particularly companies who have more old oil than they have prospects for new.

The House Ways and Means bill must now go to the House floor where it is likely to meet some opposition. But the windfall tax will face its toughest test in the Senate where the finance committee is chaired by Senator Russell Long of Louisiana, a large oil producing state, who is expected to rally to the oil industry's defence.

In the likeliest scenario, the Senate will come up with a more lenient proposal than President Carter's. So given the tough line taken by the House, the final compromise version could turn out to be close to what Mr. Carter suggested in the first place.

	Proposed by President Carter	House Ways and Means C'tee Bill
Basic tax rate (per cent)	50	70
Tax on Alaskan oil (per cent)	None	50
Tax on new oil (per cent)	50 on increase over \$16 per barrel	50 on first \$9 increase over \$17 per barrel 70 thereafter
"OPEC" tax (per cent)	50	70
Gross yield (\$bn)	Low case	High case*
1980	1.4	1.4
1981	4.0	4.2
1982	6.0	7.8
1983	—	—
1984	—	6.5

\* Low case assumes zero growth, High case assumes 3 per cent annual real growth in oil prices. House estimate assumes 1 1/2 per cent real annual growth.

OPEC price increases. Mr. Carter made one big exception to his tax: Alaskan oil, on the grounds of its high transportation costs.

Reaction to the tax was mixed. The oil companies, not surprisingly, bitterly opposed it. And some of its supporters also argued it should either be tougher or more lenient. But generally, the

in two ways: it raised the tax rate to 70 per cent and widened the net to include Alaskan oil, though at a reduced rate of 50 per cent with an allowance for transportation costs.

But it also softened Mr. Carter's proposal in one way. It laid down a slightly more generous base rate for newly discovered oil, \$17 compared to

# SPECIAL ANNOUNCEMENT

# POSTAL SERVICES

Owing to industrial action and staff shortages the Post Office regrets to inform its customers that mail services in some areas are currently subject to delay. This is particularly the case for mails to, from or passing through the London area. Mail to and from overseas passing through London is also affected.

The Post Office is doing everything it can to remedy the situation and will be keeping its customers fully informed about any changes affecting services.

Customers, especially in London, are asked to post only essential mail during this period of difficulty.

Customers needing information about delays are asked to consult their local postmasters.

The Post Office apologises to its customers for this inconvenience.

# The Post Office

# WORLD TRADE NEWS

## IRELAND'S FOREIGN INVESTMENT PLAN

### The IDA fights the current

BY STEWART DALSY IN DUBLIN

IRELAND'S Industrial Development Authority is nothing if not ambitious.

The IDA, the main instrument for attracting new foreign investment in the manufacturing industry, yesterday released its new five-year plan (1978-82), which forecasts a 15 per cent increase in the number of new jobs it hopes to create in manufacturing.

The main point of the plan is that it expects to find 75,000 new jobs over the five-year period. This will entail approving 145,000 new jobs in manufacturing and 3,000 new jobs under its service industry plan. In its previous plan (1977-81) it reckons the job creation rate emerged as some 12,000 actual jobs this year.

The targets in the new report are important because they are essential to the Government's development plan. The major objective of these plans is to eliminate unemployment by the early 1980s.

At the moment unemployment is conservatively put at just over 100,000 or some 11 per cent of

the work force. The Government, therefore, after allowing for a shrinkage in the work force in declining industries and an increase in labour from the increasingly efficient agriculture sector, wants to find 25,000 new jobs each year over the next few

Westinghouse Electric of the U.S. is to invest £1.5m in its third plant in the Shannon duty free area. The new plant,

years. If the IDA can manage to reach its target of 15,000 jobs each year it will be making a significant contribution to the problem of unemployment in Ireland.

The big question is whether it is realistic of the IDA to try and increase job creation by 15 per cent at a time when the economy is clearly slowing down. The previous job creation rate of 12,000 each year was achieved in the years when the Irish economy was extremely buoyant.

This year, rather than achieve the expected growth rate of 6 per cent in GNP, it is likely the

growth rate will be no more than 3 per cent.

In the past three years manufacturing industry in Ireland moved faster than any other country in the EEC, with annual average increases of output of 9 per cent and exports

which will eventually employ 200 people will manufacture specialised electronic products

of 13 per cent. Yet the IDA in its new plan admits that if the new job targets for the economy as a whole is to be reached output must increase by 14 per cent and exports by 16 per cent annually.

To help it attract new industries the IDA has introduced two refinements to its package of incentives.

First, it has doubled the amount of money to be spent on its new factory programme to £27m, and it has started a new product development scheme. These modifications come on top of a wide range of incentives, which include

capital grants of up to 40 per cent tax write-offs, training aids and research and development assistance.

Above all Ireland has been able to offer a complete tax holiday on exports. Since there are only 3m people in Ireland this has meant that American companies, say, which have set up in the Republic have been able to export to the Common Market not only free of customs barriers but without any tax burden at all.

From 1981 the tax system will change, and all companies will have to pay a rate of corporation tax of 10 per cent, this will still mean, however, that the tax burden is extremely light.

Despite these attractions it would appear the IDA is setting itself a tall order.

To achieve the job target it needs to find new foreign investment of £400m each year for five years. Although £100m of this will come from the IDA itself the remaining £300m could be difficult if the economic climate in Ireland is perceived as deteriorating.

## UK export performance in France criticised

By Terry Dodsworth in Paris

THE SLOWDOWN in British exports to France this year was described as "disquieting" by the British Chamber of Commerce France yesterday following a report underlining the casual attitude of some exporters.

The report was based on a poll of chamber members in France, who were asked to comment on criticisms of British companies.

While the chamber believes that the problems are not widespread, it suggests that failures to honour delivery dates, to respond to letters and to produce relevant literature are still too prevalent.

Mr. Robin Ward, president of the chamber, said that the image of "bone idle" British companies was becoming a serious factor which would be "terribly difficult" to reverse. The figures show that French imports from Britain went into reverse as a proportion of total French imports in the first quarter of this year.

According to French customs statistics (which vary slightly from Department of Trade export figures) Britain captured only 5.3 per cent (FFr 5.6bn) of total French import trade in this period compared with 5.8 per cent (FFr 5.2bn) last year.

The growth of British exports to France, given as 6.3 per cent for the first quarter in the French figures, is shown more flatteringly in the DoT statistics. These have British exports going up by 9.3 per cent from £594.3m to £635m.

But the figures agree on the fact that the trade balance between the two countries, which grew to £700m in France's favour last year, is rapidly widening.

## Low air fares push world traffic up by 13%

BY LYNTON McLAIn

TOTAL AIR traffic on scheduled airline routes around the world rose almost 13 per cent last year compared with 1977, according to the International Civil Aviation Organisation, the UN agency.

The record rate of increase compares with the average annual growth of 9.5 per cent over the past decade.

The greatest growth in the tabulated freight, mail and passenger activities was in the passenger sector, where the number of people carried rose by 12.3 per cent to 685m.

Freight tonne-kilometres rose by 11.7 per cent to 26.4bn and mail tonne-kilometres by just over 4 per cent to 3.3bn.

The ICAO annual report said yesterday that the growth of international scheduled traffic—in terms of total tonne-kilometres—was more rapid than

for domestic traffic in each of the past 10 years.

But just over half—52 per cent—of the total volume of scheduled passenger, freight and mail traffic handled by airlines of the 143-member states of the Organisation was accounted for by the carriers of the U.S. and the USSR.

Domestic air traffic in the two countries accounted for more than 40 per cent of the total scheduled air activities of all the members. Britain ranked number two in the league of nations operating international services.

Load factors reported by the scheduled airlines reached their highest levels for 20 years last year, according to the annual report. The world average was 65 per cent for passengers, 10 per cent up on the trough of 1970, the year many airlines began introducing new, high-

capacity airliners, ready for future growth.

The weakness of the U.S. dollar and the introduction of more low fares on the North Atlantic boosted passenger traffic to the U.S. by 21 per cent last year.

Airline safety, in terms of passenger fatalities per 100m passenger miles, worsened slightly last year, the annual report said. There were 23 fatal aircraft accidents killing 652 passengers, compared with 24 fatal accidents in 1977 which killed 516 passengers.

The report also said that the concern about the "fall safe" concept—recently criticised in the case of the DC 10—for structural integrity of airliners could lead to more stringent maintenance needs. These could include an earlier-than-expected retirement of some older aircraft.

## Speculation on Portugal car plant

BY KEN POTTINGER IN LISBON

THERE IS growing speculation here that major multi-national motor companies faced with the possibility of a Renault near-monopoly in Portugal, are looking for investment opportunities to answer this challenge.

Reports that the American giants, General Motors and Ford are holding talks with the Government on such investment have met with guarded reaction. Sr. Alvaro Barreto, the Portuguese Industry Minister, refused to comment. But Mr. Bill Werner, local director of General Motors confirmed that he had been talking to the Government on the possible siting of a components factory in Portugal.

Mr. Werner could not say what size the factory might be,

where it might be sited nor when any concrete proposals might be made. "All I can say," he told the Financial Times, "is that I have told the Government that Portugal is being considered as a possible site for a components manufacturing plant following our June 11th decision to invest \$2bn in Spain and Austria."

It is known that General Motors considers cheap labour costs here and the proximity of the Spanish Saragosa assembly plant as favourable factors in the possible Portuguese siting of a components unit. GM does not expect to come to a decision before the end of the year.

Mr. Patrick Byrne, general manager of Ford, classified the reports as "purely speculative" and said as far as he knew the

decision recently taken by Ford U.S. headquarters not to build a new factory in Europe still stood.

Mr. Byrne confirmed that he remained in "normal contact" with the Portuguese Government over the whole development of the country's depressed automotive industry.

The latest reports follow concern in the industry over the long-range effects of the recently announced \$400m Renault expansion project which will have on future market development.

The assembly and component manufacturing industry in Portugal is in a state of flux as attempts to make it competitive with the EEC by the time Portugal enters the Community, gather steam.

## Mideast assembly plant talks

BY RAMI G. KHOURI IN AMMAN

SERIOUS TALK of building a car assembly and manufacturing plant to serve the Arab market east of Suez will be clarified next week after talks in Baghdad between the two prospective Arab partners in the project.

These are the Syrian-Jordanian Company for Industry, based in Amman, and the Baghdad-based Arab Industrial Investment Company, one of the Pan-Arab companies sponsored by the Arab Economic Unity Council. Its capital is shared by seven Arab states—Saudi Arabia, Kuwait, Qatar, the United Arab Emirates, Syria, Iraq and Jordan.

These seven will be the main market for the small car that is proposed to be assembled locally, according to Mr. Khalid Najdawi, general manager of the SICI.

He will lead a delegation holding talks in Baghdad next week with both the AIC and the Iraqi Industry Ministry, at which decisions may be made on such major matters as whether the plant assembles imported kits or manufactures most of the car parts, the location of the plant and its shareholding structure. The most likely arrangement,

Mr. Najdawi said in a recent interview, is to form a joint venture between the Syrian-Jordanian company and the Baghdad-based Pan-Arab Industrial Company, which has expressed its interest in the project.

He said that five major car manufacturers from Europe have expressed interest in the project to produce a car with a 1500cc engine. They are Volkswagen, Fiat, Mercedes, Peugeot and Renault. Syria and Iraq are considered most likely locations for the plant, which would have to produce 50,000 cars per year to break even, and 150,000 per year on a full manufacturing basis.

The probability is for the plant to start assembling imported kits using some locally made parts, then gradually shift into full local manufacturing, he said. The assembly plant would cost up to \$60m (£20m) and would start operating within two years.

Nissan Motors will more than double the value of its imports of vehicle parts and components from North America and Europe in the current financial year, Reuter reports from Tokyo.

Imports from the two markets in the year ending next March for use in Datsun cars sold abroad will total ¥10bn (\$21.6m) compared with ¥4.5bn last year.

The firm's total imports of components and parts in the year will exceed ¥15bn, up from ¥10bn in 1978.

Nissan said it is trying to increase imports of such items as wiper blades, lamps and power steering equipment to help dampen foreign criticism of Japan's massive car export drive, and the company has arranged new import contracts with eight companies in the U.S., Canada, Britain and Austria.

Meanwhile Yokohama Rubber, the second largest rubber producer in Japan, will establish a joint venture with B. F. Goodrich of the U.S. to market car tyres and parts in Japan. The new company will be called Mobex and will be capitalised at ¥20m (£4.2m) and will be owned equally by the two companies.

The joint venture is planning to sell about ¥500m worth of automobile tyres in the initial year.

## Swindon looks to U.S.

BY LORNE BARLING

AMERICAN ELECTRONIC equipment makers are to be urged to set up manufacturing facilities in Swindon, which is aiming to create 3,000 new jobs a year over the next five years with the aid of foreign investment.

The town, which is suffering from higher than average unemployment, has in recent years attracted U.S. investment worth around \$40m and is now mounting a campaign to increase that level.

Mr. Douglas Smith, industrial adviser to Thamesdown Borough Council, which is the local authority for Swindon, is to visit 10 U.S. cities in an effort to encourage companies.

He said that because Swindon had only a limited amount of development land, it aimed to attract companies which would provide as many jobs to the area as possible.

Mr. Smith added that although Swindon could not offer the financial incentives provided by other British towns, it had already proved attractive to 20 U.S. manufacturers, mainly because of its convenient position and environmental factors.

More than 140 U.S. companies have accepted invitations to discuss investment in Swindon, and Mr. Smith will meet their representatives during a tour of Massachusetts, Illinois, Texas and California.

## China to join exhibition

BY HAZELL DUFFY, INDUSTRIAL CORRESPONDENT

THE CHINESE machine tool industry will be exhibiting for the first time at an international machine tool exhibition to be held in Milan later this year.

The exhibition sponsored by CECIMO, the European Committee for the Co-operation of Machine Tool Industries, will be held from October 10-13.

Thirty countries will be exhibiting, including 13 CECIMO countries. Among the other countries represented are the U.S., the Soviet Union, Japan and East Europe.

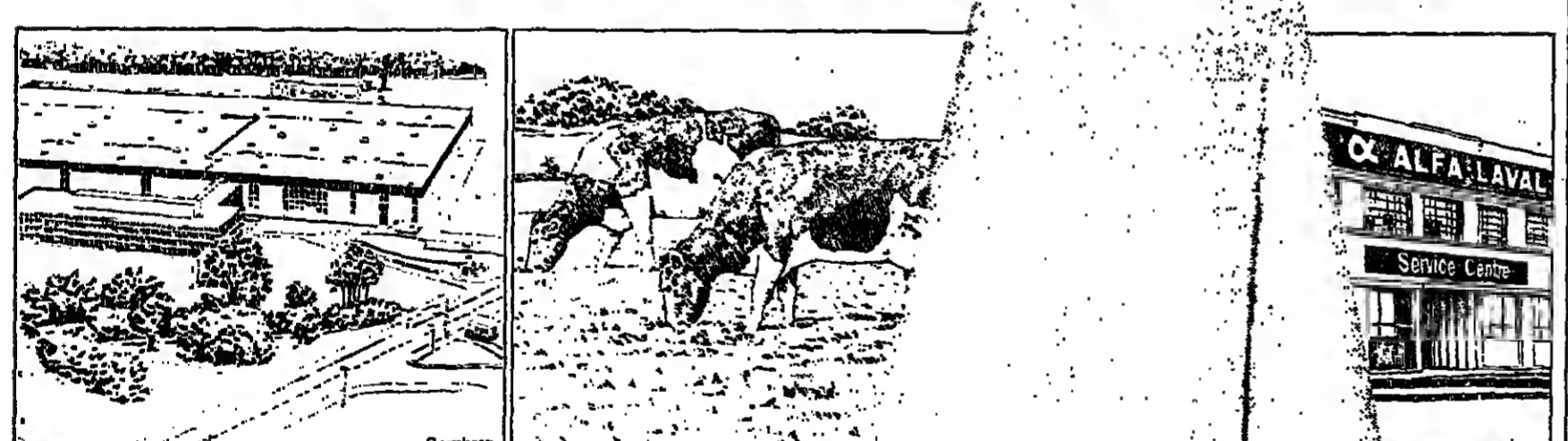
Mr. Guido Conti, commissioner general for the exhibition, expressed disappointment yesterday at the relatively small number of British machine tool

manufacturers which have taken space. These total 43, and exclude some of the major UK manufacturers. In contrast, West Germany is taking 12 times the amount of space and Italy, France and Switzerland are all taking more than Britain.

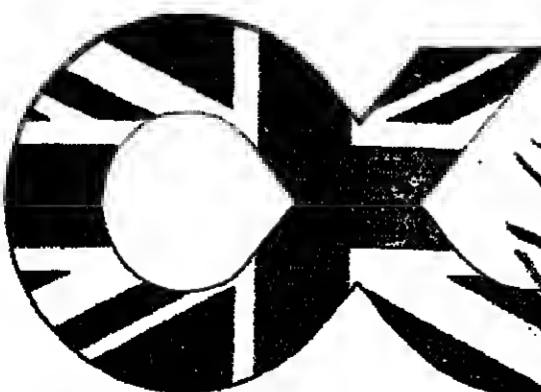
Part of the reason for the low profile being taken by British exhibitors is undoubtedly that the Machine Tool Trades Association in the UK is sponsoring a major exhibition of its own next spring in Birmingham.

The MTTA announced yesterday that it is also planning a metal cutting machine tool exhibition two years later.

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# MPs warned of hitch in tax treaty

BY DAVID FREUD

GROUP of major UK companies yesterday urged MPs not to consider the revised UK-US tax treaty until the House of Commons has agreed to amend the tax system by some means which would allow the UK companies to avoid the tax which is assessed on the basis of a proportion of company's world-wide income. If widely adopted, it would lead to multiple taxation of profits.

On the Government to delay consideration of the treaty until progress is made in curbing unitary taxation in the states. It said: "We urge HMG to delay consideration of the protocol by the House of Commons until sufficient time has elapsed to enable the Congress of the U.S. and the U.S. Administration to demonstrate that they will prohibit the use of the combined reporting method, if not in the treaty, then by domestic legislation."

# Dresser in Scots mining search

BY PAUL CHEESERIGHT

THE Forestry Commission has granted Dresser Minerals International an exploration lease covering 2,600 acres of mountainous land south of Loch Tummel, near Pitlochry, in Scotland. Dresser is to mount a programme to search for barytes.

# VAT relief will aid disabled drivers

BY LISA WOOD

GOVERNMENT ACTION to enable disabled drivers to lease a car at a much lower rate than through the charity Motability was announced yesterday by Mr. Patrick Jenkin, Secretary of State for Social Security.

The Government to remove VAT on its cars. It has to some extent met this demand. Mr. Jenkin said that an Order would be made as soon as possible to relieve the charity of the effects of the Value Added Tax (Cars) Order, 1977.

# Video camera resistance harming TV news cover

BY ARTHUR SANDLES

THE WARNINGS that a refusal by unions to accept new technology in television will affect UK television coverage compared with other nations, came yesterday. Mr. Alan Protheroe, Director of BBC Television News, said the BBC was speaking for the industry.

and worthwhile medium of information and communication—is to use this new equipment now. Both ITV and the BBC have the necessary equipment. At the moment, ITN has a crew on experimental work under temporary agreements. The BBC cameras are mothballed after a similar temporary settlement expired.

# Expert warns of cancer risk from fish bred near Windscale

BY DAVID FISHLICK, SCIENCE EDITOR

BETWEEN THREE and 10 people may die of cancer over the next 20-30 years as a result of eating fish contaminated with radioactivity released from the Windscale factory of British Nuclear Fuels, in Cumbria, according to one of Britain's top experts on radioactivity.

of spent nuclear fuel, were hotly debated during the Windscale public inquiry two years ago. Radioactive releases from Windscale were 12 per cent less in 1978 than in the previous year.

# Metrication change vital - Methven

Financial Times Reporter

THE CHANGE to metrication should be made as quickly as possible, the Confederation of British Industry said yesterday. Sir John Methven, director-general of the CBI, urged the Government to make a positive commitment towards completing the changeover.



Prince Charles yesterday visited the trading floor of the Stock Exchange. He was accompanied by Mr. Nicholas Goodison, the Stock Exchange chairman. The visit was part of Prince Charles's programme of getting to know the work of City institutions.

# New BL models 'will boost sales'

BY OUR MOTOR INDUSTRY CORRESPONDENT

BL's planned new models could give the company 30 per cent of the UK new car market by the mid-1980s, Mr. Bill Seward, partner and motor analyst at stockbrokers Phillips and Drew, said yesterday.

any major future recovery in UK car production. Mr. Lionel Harvey, director of the Lex Service Group, told the seminar that by the early 1980s BL "should be poised for revival and growth."

in Britain this year to around 1,650m but that next year registrations might well fall by 10 per cent to 1,525m. But while the importers' share this year could rise by 13 per cent to 889,000 cars, in 1980 it would probably fall away again to 773,000.

"So therein lies our hope for

# Leaking tanker for Shanklin rescue attempt

BY LYNTON McLAIn

THE HOLIDAY peace of the Isle of Wight was disturbed yesterday after the Government approved a plan to tow a stricken and leaking oil tanker to within a mile of Shanklin Pier on the island's sandy east coast.



The German tanker Tarpenbek was holed last Thursday after a collision in thick fog with the Royal Navy fleet auxiliary St. Geraint.

The tanker last night was lying upside down with her stern stuck in the mud four miles off Selsey Bill, Sussex.

long and crowded with summer visitors. "We can only assume that the Government is highly confident that it can pull this off without any oil spills," he said.

Oil from the damaged engine-room formed a slick off Selsey which was finally dispersed with detergents yesterday.

The plan is to tow her upside down the 15 miles to Shanklin. This will take two tugs 10 hours. The operation is expected to start this morning.

**British Airways**  
starts service with a new  
long-range jetliner.

**The L-1011-500.**  
Nothing can match it. Now and for years to come.

A new era of long-range flight has begun. British Airways has placed the first of its new fleet of L-1011-500 TriStars into service between London and the Middle East, Asia and the Orient. Five other major airlines will be flying this long-range jetliner in the near future.

The L-1011-500 brings those airlines a number of advantages. Its plane mile costs are 8-10% below those of its closest competitor. And for airlines operating in a changing, competitive world, the L-1011-500 is ideally sized for developing new, long-range routes in this time of ever-increasing travel demands. In fact, the L-1011-500 is the ideal replacement for ageing, narrow, long-range aircraft.

For passengers, pilots and fuel-conscious airlines, nothing matches the L-1011-500. It is far and away the world's most comfortable, most advanced, most economical, big jetliner.

# The Lockheed L-1011-500. The world's most advanced jetliner.

UK NEWS

N. Ireland Secretary for Dublin soon

BY STEWART DALBY IN DUBLIN

MR. HUMPHREY ATKINS, the Northern Ireland Secretary, will have his first meeting with Irish Government officials in Dublin soon.

Mr. Atkins is expected to see Mr. Michael O'Kennedy, the Irish Foreign Minister, end his officials, but will not on this occasion see Mr. Jack Lynch, the Prime Minister.

line Rev. Ian Paisley, to push the Irish Government on the question of border security. The idea has taken root in Unionist circles that IRA assassins can flee across the Border into the Republic with impunity.

Economists predict fall in sterling

BY OUR ECONOMICS CORRESPONDENT

STERLING is looking "expensive" judging by the main indicators of Britain's price and trade performance and of relative money supply growth.

sterling has been back to the level at the end of last year. "The market appears to have re-rated sterling because of the increased value to the economy of North Sea oil.

GLC promises to rehouse 120 families

GREATER LONDON COUNCIL has promised to rehouse 120 families in an East End estate after a tenant complained to Mrs. Margaret Thatcher, the Prime Minister, about atrocious conditions.

The families live on the GLC Prestons Road estate, on the Isle of Dogs, occupying six blocks of flats built before the First World War and one built later.



THE RESTORATION of a 19th-century railway workers' village in the centre of Swindon, Wiltshire, has received the accolade of the Royal Town Planning Institute, which this week presents its silver jubilee cup for environmental improvement to the local authority, Thamesdown.

Restoration work begun in 1974 is due to be completed next year. It has involved landscaping and the renovation of dwellings and community buildings. One, a church, has been turned into a railway museum.

Residents lose fight for terrace

A LISTED 19th century terrace in London will be converted into shops and offices in spite of objections from the residents and the Covent Garden Community Association.

Under the Covent Garden Action Area Plan the houses in Strand Street were to be converted to provide workshops and flats.

Council now feels that the street should be mainly used for shops and offices as it is close to the piazza which will become the new commercial heart of the area.

Prestcold closures 'costly'

By Ray Perman, Scottish Correspondent

THE COSTS of closing Prestcold's two Scottish factories will far outweigh the company's need for capital to make it viable again, according to a study by the Scottish TUC.

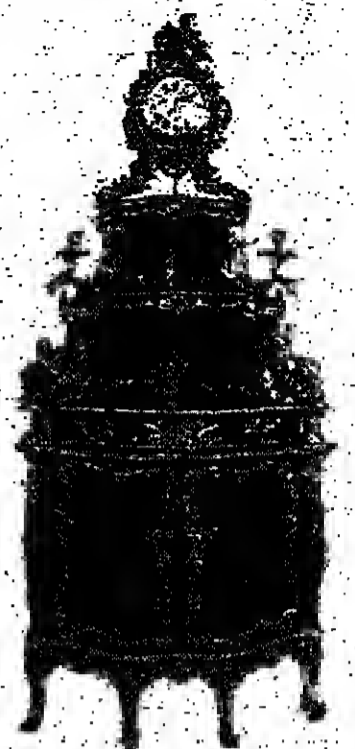
Investment

The cost to the Government of closing the plants could be as much as £7.5m, including tax losses and unemployment benefit payments. The effect on the balance of payments of having to import compressors could be £13m in 1980.

London gallery pays record £822,000 for French cabinet

A RECORD price of £822,511 was paid for a single item of furniture during the opening session on Monday night of a Sotheby's auction in Monte Carlo.

The auction of French furniture is the most important since the Hamilton Palace sale of 1882. The collection, belonging to Mr. Akram Ojjeib, a Saudi industrialist, brought in a total of £3.9m in the first session.



Other high prices paid in a saleroom packed with many non-bidding personalities, such as Ringo Starr and Michael York, were the £210,450 for a pair of late Louis XIV ormolu mounted boules commodes.

SALEROOM

BY ANTHONY THORNCROFT

should bring Mr. Ojjeib a considerable profit, because he is unlikely to have paid more than £4m for the collection.

89th ANNUAL GENERAL MEETING OF THE CHAMBER OF MINES OF SOUTH AFRICA

South Africa launched on new path of progress



MR. P. A. VON WIELLIGH

production further to meet expected demands.

COAL

The build-up of the coal industry has been a spectacular feature of mining in South Africa in recent years and its performance continues to be most impressive.

URANIUM

Uranium production in 1978 again recorded a substantial increase, rising by some 660 tons, or 17 per cent, to 4,531 tons U3O8.

GOLD

The gold mining industry performed well during the year assisted by the buoyancy of the gold price.

the Betsa mine which although primarily a uranium producer will nevertheless when in production make a contribution to the country's total gold production.

THE MONETARY ROLE OF GOLD

A major feature of the gold market in 1978 was the enhanced monetary role of gold which resulted from ratification of amendments to the Articles of Agreement of the International Monetary Fund on 1st April, 1978.

Gold has clearly been restored to its place as an asset in the international monetary system. Evidence of this is the continued use of gold as collateral for international loans by a number of countries.

The Swiss have always recommended the use of gold as part of an investment portfolio. More recently fund managers and investment analysts in the U.S. have more seriously considered the merits of gold as a portfolio investment.

THE GOLD MARKET

The major factor causing the exceptional rise in the gold price has been the world wide demand for gold as a hedge against economic uncertainty and, in particular, currency weaknesses.

its highest level for many years taking up in total about 1,300 metric tons of gold.

LABOUR

There have since been a number of meetings between the Chamber and the Mineworkers' Union. On each occasion, the Mineworkers' Union has been advised that in the present circumstances the mining industry does not wish to contemplate the introduction of a five-day week in any form.

The level of the productivity of labour in the gold mining industry is a cause for concern.

The investment demand for gold bullion, mainly in the form of gold bars, has increased substantially since the end of 1977.

The major factors leading to an increased supply of gold last year were official sales by the U.S. Treasury and the International Monetary Fund.

role which the increased liquidity of the gold futures markets has played in providing a vehicle for gold users, gold dealers, gold producers and other gold holders to hedge against price movements which might adversely affect their interests.

Another area in which the fabrication of gold as a standard unit of account has been achieved is in the production of official gold coins, most notably the increased demand for gold for the production of Kruggerands which are marketed world wide.

The investment demand for gold bullion, mainly in the form of gold bars, has increased substantially since the end of 1977.

The major factors leading to an increased supply of gold last year were official sales by the U.S. Treasury and the International Monetary Fund.

The Chamber's labour recruiting organisation, The Employment Bureau of Africa, Limited, known in many countries of Southern Africa as "TEBA", was able to fill all the industry's requirements of unskilled labour throughout the year.

Fife council to take stakes in small businesses

BY RAY PERMAN, SCOTTISH CORRESPONDENT

FIFE Regional Council yesterday approved a scheme for investing in small businesses as a way of creating jobs.

The council described as unique a proposal to set up its own holding company, Inwork Ltd, which would be empowered to take 51 per cent shareholdings in manufacturing subsidiaries.

Home engineering orders slacken as exports rise

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

NEW ORDERS for engineering products from the home market indicate a slackening in the upward trend that emerged in the latter half of 1978.

The growth in export orders, which became noticeable at the end of last year, appears to have peaked in the volume of maintaining its momentum, however.

CONTRACTS

£1.5m West German order

The aviation subsidiary of M. L. HOLDINGS has an order worth over £1.5m from the West German Government for the modification of M. L. Aviation's weapon carriers to suit the Alpha Jet aircraft.

BALFOUR BEATTY CONSTRUCTION, a member of the Balfour Beatty Group of BICC, has been awarded a £310,000 contract by the foreign products division of Cameroon Iron Works, Livingstone.

FAIRY ENGINEERING, a member of the Fairy group, has won a £1.5m contract from British Nuclear Fuels for the supply of stainless steel containers.

LINK ELECTRONICS, Andover, has been awarded a contract worth about £200,000 for the new Jordan Television Corporation production centre in Amman.

Telescopic handlers are part of a £270,000 purchase of equipment by the USSR for construction work in Moscow.

A contract worth £1m for the complete supply of buildings,

invest in companies provided the expenditure is in the interests of part of the region and of the public as a whole.

Mr. Robert Gough, chairman, said the region needed to develop entrepreneurial skill as a spur to creating new jobs, but technical and financial support for new businesses during their critical first three years was also needed.

Inwork will start with a staff of three and will be helped by the Scottish Development Agency and local companies. Among projects it is considering are the manufacture of aids for the handicapped and a new type of golf tee.

by industry to invest immediately after January's industrial disruption.

The trend estimates are for the combined engineering industries covering the mechanical, electrical and instrument sectors.

By contrast, export orders have shown more buoyancy, with an increase of 11.5 per cent between December and March. The index for the volume of new export orders stood at 124 (1975 average 100), leading to a lengthening of export orders on an hand than the average for any year since 1974.

The downward trend continued in February and March, perhaps indicating reluctance

machinery and livestock has been signed by the Dublin-based MASSROCK GROUP of companies for an extension to the first Masstock dairy farm built in Saudi Arabia in 1978.

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Telescopic handlers are part of a £270,000 purchase of equipment by the USSR for construction work in Moscow.

A contract worth £1m for the complete supply of buildings,

GEC ELECTRICAL PROJECTS has received a £185,000 order via GEC Australia for replacement thyristor converters for a hot continuous aluminium mill for ALCOA Australia at the Geelong Works.

Handwritten signature or mark at the bottom of the page.

UK NEWS

# Price Commission stages last defence

DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

GOVERNMENT'S plans to abolish the Price Commission yesterday met veiled criticism in the commission's latest report.

The report showed a record of notified price rises up to the end of April. The monthly average number of notifications rose to 428 from 318 in the previous quarter. The amount notified was £1.2bn, against £721m.

The commission pointed out that the trend of notified price rises emphasised the importance of scrutinising notifications and offering consumers some assurance, as inflationary pressures increase, price increases will not be automatic nor exceed what is necessary.

Government wants to abolish the commission giving the Office of Fair Trading and the Monopolies Commission greater powers to deal with price rises in areas of limited competition. It is to be published.

The report stressed the value of the commission's regional offices, which will be scrapped. These offices have been a source of information about particular local problems which could be unknown to a body only London-based staff.

The report also said that it was particularly noticeable how often the regional

offices have been able to secure the correction of mistakes in the pricing of goods and services, to the benefit of supplier and customer. For example, following enquiries from a regional office, a laundry agreed to reduce its proposed 20 per cent price rise to 15 per cent to reflect more closely the increases in costs. A county council estimated that as a result it would save £6,000 on laundry charges this year.

The report also showed that the frequency of price rises had remained steady at slightly more than one notification a year, compared with between 1.9 and 2.4 in the four years to July, 1977, when the commission was set up.

### Inflation brake

The commission said it had always held that the reduction in the frequency of price increases was an important part of "the process of stopping the inflationary psychology that can produce instability and inefficiency, since frequent price changes, even if small, reduce the incentive to reduce costs, make planning impossible and, by producing uncertainty in the minds of consumers, contribute to the wage-price spiral."

Commission staff yesterday criticised the scrapping of the commission. The commission's branch of the Society of Civil and Public Servants said it was "angry at the haste with which the commission has been closed."

He warned that while the body's abolition was a relief, "experience suggests that mechanisms of Government of one sort or another have a nasty habit of repeating themselves, perhaps in a slightly different guise."

Whitbread claims to have lost £5m profit during the two-month investigation this year. Mr. Tidbury said in the company's annual report: "It should be remembered that Whitbread, along with many other companies, had to submit large quantities of highly confidential information, and we regard it as of paramount importance that such information be either destroyed or returned to us."

\* Price Commission report for February 1 to April 30, 1979; HC 123; SO £1.50.

## Electricity users plan new subsidy

John Lloyd

FORMS of subsidy to the poor, the old and the ed meet their fuel bills, proposed today by the Electricity Consumers' Council.

A discussion paper backed by National Gas Consumers' Council and the Domestic Coal Consumers' Council, the EEC has two schemes, both on the principle of group utility.

The first scheme proposed to give a free ration of one kilowatt-hour of electricity, and is based on a £-used in Ireland.

The second provides eligible households with a benefit based on percentage of expenditure, by coupling with a flat rate at the benefit would go up "with a special need" as the elderly and unemployed.

### Drawbacks

The council's paper criticises the scheme proposed by the Elementary Benefits Commission, which is based on a "tested benefit."

It says it has a number of drawbacks, "because of complexity, its cost of administration, the invasion of privacy required by it, the take-up likely and the way it would worsen the poverty

many electricity consumers believe that prices are too according to the annual report of the Yorkshire Electricity Consultative Council, shed yesterday.

The council says that the prospect of a tariff increase in the north, following the 8 per cent rise in April, was "very

## Key Markets to use new laser check-outs

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

KEY MARKETS, the Fitch Lovell supermarket group, is likely to become the first UK grocery retailer to introduce laser-scanning electronic check-outs.

Key Markets said yesterday that it planned to introduce the IBM laser-scanning system into its new 35,000 sq ft superstore at Spalding, Lincolnshire, in the autumn.

The move comes as a new research report suggests that more than half of all supermarket check-outs will be electronically controlled over the next few years, with at least a quarter of check-outs using the new equipment.

The check-outs, already used in U.S. and European supermarkets, contain a laser beam which reads a special "bar code" printed on grocery products and automatically provides price and product information for both shoppers and store staff.

The system means that check-out operators will not have to key in prices, which often leads to mistakes. Shoppers will receive a till receipt which describes the product and gives its price.

Although this should lead to a faster and more accurate service, the main advantage of

the system is said to be the greater control of sales information for management.

Mr. David Caulfield, Key Market's managing director, said yesterday that computer control of merchandise and monitoring the effect of price movements were the main reasons for introducing the system.

Key Markets has 123 stores of which 30 are more than 10,000 sq ft and likely to be best suited to the equipment. Mr. Caulfield said that expansion into other Key Markets stores would take place depending on the success at Spalding.

The Spalding store will have 14 check-outs operating the equipment, which is based on the IBM 370 system.

The other big supermarket multiples are also carrying out trials of electronic checkout equipment, although no firm date for the introduction of laser-scanning checkouts have yet been announced.

The report predicting a boom in new electronic checkouts is published by Post News, a Somerset-based research company, and is called "Electronics in Supermarkets." It suggests there will be 33,000 electronic checkouts, worth about £100m, in use in five years' time.

## Top supermarkets increase share

THE increasing dominance of the leading supermarket multiples in the grocery industry has been shown by new figures now circulating in the trade.

Prepared by the AGB research company, these figures show that since 1976 the three leading supermarket operators—Tesco, J. Sainsbury and Asda—have increased their share of the £3.5bn grocery market by almost 10 per cent.

In 1976, these three companies together accounted for 21.6 per cent of the packaged grocery market as monitored by AGB while last year their share had risen to 29 per cent. The figures for May show that this concentration has risen to 30.8 per cent.

Tesco has the largest share, closely followed by J. Sainsbury and then Asda.

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Reports Mr. Alec Ewens, Marketing Director, "We're enthusiastic members of Bristol's Chamber of Commerce and BOTB's Export United campaign in the West Country. So we readily embraced the opportunity created by a chamber trade mission to Saudi Arabia.

This was to have a competition in the factory designed to increase awareness of the importance to all employees of exports and thereby encourage a greater team spirit.

The competition involved writing a 500 word essay on the importance of overseas markets. The prize was a place on the BCM delegation to Saudi Arabia as an active member of the sales team.

The mission was successful and our winner, Mr. Norman Burge, played a very useful part. The real value of our Export United campaign, however, is in the way it helps the understanding that exports are everybody's business in a company like this."

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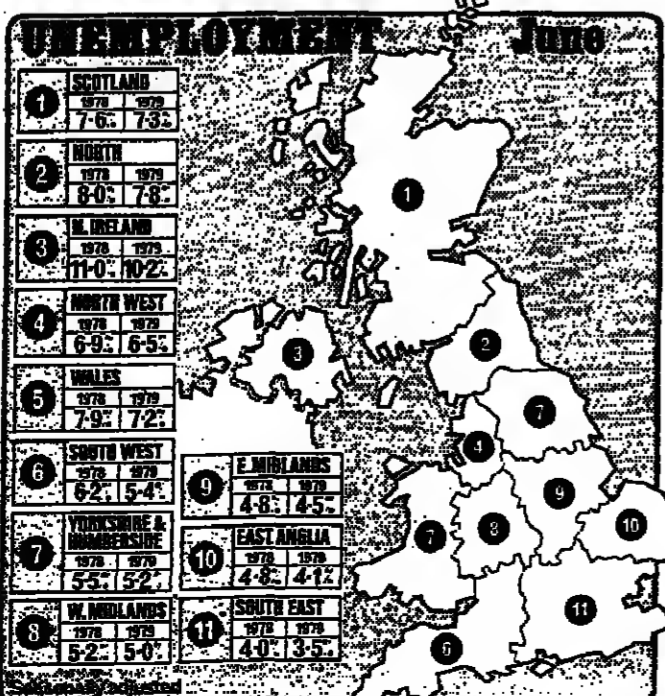
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## Decline in adult unemployment masks regional contrasts

ULT UNEMPLOYMENT has been falling for four months running after the temporary hiccup at the beginning of the year caused by industrial disputes and poorer weather. Since mid-March, the UK total has dropped by 6.1 per cent, on a seasonally adjusted basis, but this has masked a widening of regional differences.

The decline in the number of jobs has been largest in areas where economic activity has been most stagnant, notably in the northern half of the country. The total has declined by 11 per cent in the north-east, by 10 per cent in the north-west, and by 9 per cent in the south-west. In contrast, unemployment has fallen by only 5 per cent in the south-east, where the rate is roughly a quarter higher than the national average, and by just over 5 per cent in Scotland, where the percentage rate is third above the national average.



# UK NEWS—PARLIAMENT and POLITICS

## PM stresses importance of nuclear power expansion

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE IMPORTANCE of expanding the nuclear power station programme in Britain and the EEC as a long-term solution to the oil crisis was strongly emphasised by the Prime Minister in the Commons yesterday.

But she gave a categorical undertaking that there would be a full public inquiry before any decision to go ahead in the UK with the controversial fast breeder reactor.

Mrs. Thatcher was reporting back to MPs on the European summit in Strasbourg last week, and was looking ahead to tomorrow's Tokyo economic summit where the oil crisis will be the main topic of discussion.

She told the House that some of the Community's countries had already switched some power from oil to coal.

On the safety aspect, Britain had a nuclear inspectorate, and there was a very high regard for the safety of nuclear equipment.

Mr. Eldon Griffiths (C., Bury St. Edmunds) asked whether there was now a common EEC policy for the production and conservation of energy that could be put forward at Tokyo.

The Prime Minister admitted that she was not in a position to say that there was one policy for Europe — "indeed, we haven't got a single policy."

"We must have more concerted action on agreeing about the future of nuclear energy."

Mr. Anthony Wedgwood Benn, Energy Secretary in the last government, warned against the danger of building an American-type reactor of the kind that overhated at Harrisburg. He pointed out that the French intended to build one of these, but we should not do so unless the matter was fully debated first in the Commons.

Mrs. Thatcher assured him that the Government had not taken a decision on such a reactor. The French, she said, were very much further ahead with the fast breeder reactor than we were.

At the European summit, she went on, it was agreed to reinforce efforts to reduce consumption of oil and achieve the conservation objectives set by the Community. The meeting had also stressed the part to be played by alternative sources of energy, including coal and nuclear.

By showing that the Community was ready to shoulder its own responsibilities, we should be in a good position at the Tokyo summit to call on other countries to make comparable efforts to reduce oil consumption.

Dealing with the other aspects of the Strasbourg meeting, she took an optimistic view on the chances of getting agreement to reduce the high contribution that Britain makes to the Community budget.

The Commission had been asked to formulate the proposals for decisions to be taken at the next meeting of the European Council.



Mrs. Thatcher leaves No. 10 Downing Street on her way to the House for question time. She then flies to Tokyo for the economic summit.

## Prime Minister passes own exam

BY PHILIP RAWSTORNE

ALL examination results should be published, Mrs. Margaret Thatcher told the Commons yesterday.

It must be recorded, then, that the Prime Minister comfortably passed her own wide-ranging political examination.

Quizzed on more than a dozen detailed policy issues, she displayed such a remarkable grasp of her Government that she might well have earned the political mastermind title.

Not even eight questions from Mr. James Callaghan stump her — though the Labour leader was not particularly happy about some of her answers.

Mrs. Thatcher dealt equally briskly with another 28 assorted posers from the backbenches.

Energy policy was the Prime Minister's specialist subject yesterday.

Mr. Dennis Thatcher, a former Burslem Oil executive, could scarcely have rivalled her knowledge of the operations of the Rotterdam spot market.

Having explained it all once for the economists, Mrs. Thatcher set it out simply again for Mr. Dennis Skinner (Lab. Bolsover), confirming his fears that it was private enterprise at work.

But the Prime Minister's energy did not stop there. She had a word about current coal production; and showed she was familiar with fast breeder reactors.

Mrs. Thatcher reaffirmed that BP shares would be sold but reassured Mr. Tony Benn about the depletion of North Sea oil stocks.

She did not pass a single point—and took time to lecture the United States and Japan on conservation and economies.

Which brought the Commons to the European budget and a free-for-all.

## 'Watchdog' select committees approved by large majority

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

PROPOSALS to set up a new system of "watchdog" select committees to scrutinise the activities of individual government departments were approved by an overwhelming majority in the Commons early yesterday.

By a majority of 236 MPs gave the go-ahead for the establishment of 12 committees to replace the present system where each committee deals with a particular subject.

The hope is that the new method will enable MPs to keep a much closer watch on the Executive and on Whitehall, and to have greater control over Government expenditure.

The final vote came after a long series of amendments in which MPs unsuccessfully attempted to alter the Government's proposals which were based on the recommendations of the Commons Procedure Committee.

But an amendment seeking to give them the power to order the attendance of Ministers was lost by 100 votes to 152.

Some MPs were also worried about the disappearance of prominent committees, including the nationalised industries committee, which had been operating successfully for many years.

Nevertheless, a proposal for the retention of the nationalised industries committee was thrown out by a majority of 133 (193-60).

Another group of amendments proposing the retention of the select committee for science and technology was defeated by 144 (201-57). This subject will now come under the education committee.

A plan to allow the Home Office Select Committee to scrutinise the Law Officer's departments was rejected by 99 votes (186-87). In the changes now accepted, these departments and the Lord Chancellor's Office will be exempt from examination by the committees.

The disappearance of the committee on immigration and race relations also upset some members. An amendment trying to retain it was lost by 95 (177-82).

There was strong pressure to ensure that MPs had full access to Government information but an amendment to set up an official information committee was lost by 100 (172-72).

## Thatcher defends Walker efforts

BY IVOR OWEN

BRITAIN'S decision to withdraw support for the EEC Commission's proposal for a general freeze on farm prices was not part of a wider deal on the community budget, the Prime Minister assured the Commons yesterday.

She vigorously defended Mr. Peter Walker, Minister of Agriculture, and insisted that he had acquitted himself well in his first major EEC negotiation in Luxembourg last week.

This claim was brushed aside by Labour MPs who cheered Mr. James Callaghan, Opposition leader. He recalled that before going to Luxembourg,

Mr. Walker told the Commons that he was in "total agreement" with the proposal made by the EEC Commission for a general freeze.

Probing the reasons for the Minister's decision to abandon "an impregnable position," he asked if the Prime Minister had advised him to do so because of some understanding at the EEC summit in Strasbourg about reducing Britain's contribution to the Community budget.

Or was it that Mr. Walker had just not been tough enough to hold to his original position?

Mrs. Thatcher replied that there had been no linkage what-

## Thatcher defends Walker efforts

BY IVOR OWEN

ever between the negotiations in the Council of Agricultural Ministers in Luxembourg and the negotiations between EEC heads of government in Strasbourg.

Amid Tory cheers, she told Mr. Callaghan: "I think you underestimate the excellence of the package which Mr. Walker gained."

For the first time since Britain joined the Community, there was to be a freeze on milk prices. She emphasised and roars of approval from government supporters, that no Labour minister had managed to secure this.

Then there was the "excellent" butter subsidy designed to produce a cut of 6p a pound.

"The net effect of Mr. Walker's efforts in Luxembourg last week," Mrs. Thatcher said, "is that we are now £30m better off than we would otherwise have been for the simple reason that we get back more of the butter subsidy than we pay by way of increased prices."

Farmers were certainly very pleased with Mr. Walker's efforts because without them they would have been left to pay a co-responsibility levy on milk.

## Government warns of shipbuilding cuts

BY IVOR OWEN

A STERN warning that Britain's troubled shipbuilding industry faces a big cutback was given by the Prime Minister in the Commons yesterday.

In the most forthright assessment which has so far come from the Government on the industry's prospects, she stated: "There is surplus capacity in this country as well as in others and reducing that capacity will indeed be a very painful process."

Mrs. Thatcher stressed that there could be no escape from the situation, and told Labour

MPs from shipbuilding areas: "Nationalisation does not prevent a reduction in jobs."

A realistic approach was needed, placing the emphasis on trying to get "new tomorrow's jobs," with everything possible being done to encourage the development of new industries, new small businesses and the expansion of existing industries.

There were protests from the Government benches when Mr. Frank Allaun, Labour Party chairman and MP for Salford East, contended that if the Government increased the cost

## Government warns of shipbuilding cuts

BY IVOR OWEN

of living by raising VAT to 15 per cent, and caused unemployment by cuts in public expenditure, both industrial and political issues were involved.

In these circumstances, he said, the trade unions were entitled to reply with all their force, and "we on this side of the House should back them."

The MPs rallied to the support of the Prime Minister when she reminded Mr. Allaun that at the general election many trade unionists had indicated their support for Conservative policies which would get more money back into the private sector where new jobs were created.

She nodded in approval when Mr. Peter Viggers (C. Gosport) estimated that about half a million trade unionists must have voted Conservative, and suggested that this should make union leaders think twice before

## MPs still oppose pay plan

BY ELINOR GOODMAN, LOBBY STAFF

MR. EDWARD DU CANN, leader of the Conservative Party's 1922 Committee of Backbenchers, will report back to his Executive tomorrow on a series of confidential meetings he has had over the last few days in an attempt to persuade the Government to change its mind and implement the Boyle Committee's recommendations on MPs' pay.

Late on Monday, Mr. du Cann warned the Prime Minister that she would be going directly against the wishes of her own backbenchers if the Government pressed ahead with its plans to introduce the recommended increase over three stages.

Since returning from Strasbourg on Friday, Mrs. Thatcher has been informed from a number of quarters of the strong opposition to the Government's proposals, and Ministers are understood to have discussed the question yesterday. No further decision, however, is likely to be taken until Mrs. Thatcher returns from Tokyo.

## MPs still oppose pay plan

BY ELINOR GOODMAN, LOBBY STAFF

LIBERAL LEADERS are resisting demands from Mr. Jack Hayward, the party's millionaire benefactor, for a full investigation into its financial accounts.

A statement issued yesterday by Mr. Michael Stead, Liberal president, following consultations with Mr. David Steel and other party leaders, reiterated that the donations of £20,000 to Mr. Jeremy Thorpe from Mr. Hayward which featured prominently in the prosecution case against the former Liberal leader, never reached the party.

Since 1976, the statement stressed, the party treasurer had full access to all the party's central accounts and it was agreed that no other account should exist.

"At no stage in our inquiry has any question been raised which necessitated our investigating accounts which were under the treasurer's authority."

## Liberals resist inquiry

BY RICHARD EVANS, LOBBY EDITOR

REVISED cash limits for public spending were announced yesterday in Parliament, in line with previously announced Government policy.

The limits, announced in a Parliamentary Written Answer by Mr. John Biffen, Chief Secretary to the Treasury, update those published in January in the previous Government's White Paper, "Cash Limits 1978-80."


The revisions take into account the specific cuts in public spending announced in the Budget and the general policy on cash limits and pay announced by the Chancellor in May.

## New cash limits announced

BY DAVID FROUD

A net dividend of F. 3.80 per share (F. 5.70 gross) was declared, unchanged from the previous year. The total distribution will amount to 30.2 million francs.

Regarding the outlook for the current year, the Chairman, M. Bernard de Villeméjane, announced that, at this time, 1979 appears more favourable and that IMETAL's non-consolidated results, based on dividends anticipated from subsidiary and affiliated companies, should be at least equal to last year. In addition, consolidated results are expected to be quite satisfactory.



### A FRENCH INDUSTRIAL HOLDING COMPANY

1978 Results

In a difficult international context in general, for metals and related products 1978 was noteworthy not only for rapid and large price changes but also for the continuing erosion of the dollar, the accepted yardstick for most international quotations.

As a result, the Group recorded a considerable loss in respect of Le Nickel-SLN of 299 million francs, and a less severe loss of 35 million francs for Penarroya, which were not entirely compensated by favourable results in the amount of 101 million francs stemming from other activities, in particular, Mokta, Copperweld and Lead Industries Group.

Consolidated results therefore show a loss of 242 million francs in 1978 as compared with a profit of 82 million in 1977. Total assets amounted to 7,486 million francs against 7,292 million francs in 1977. Revenue was 6,595 million francs in 1978 versus 6,569 million francs.

The salient features of IMETAL's non-consolidated accounts are as follows:

	(francs in millions)	
	1978	1977
Shareholders' equity	1,878	1,651
Operating cash flow	38.7	38.2
Investment income	44.8	45.4
Net income	36.1	37.5

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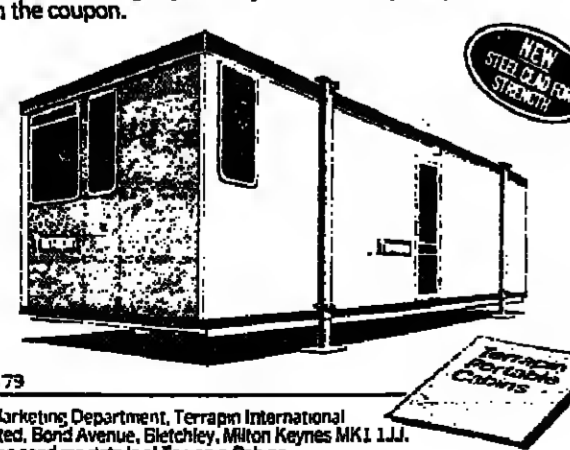
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## Callaghan's authority to be tested

BY ELINOR GOODMAN, LOBBY STAFF

INDUSTRIAL PROBLEMS at Transport House permitting, today's meeting of the Labour Party's National Executive Committee could mark a major advance in the Left's long, drawn-out stalling match with the Parliamentary leadership to change the balance of power within the party.

As such, it could provide Mr. Callaghan with an uncomfortable reminder of the kind of challenge to his authority which he is likely to face at this year's party conference.

On the agenda for discussion today are a number of the Left's most cherished goals. These have finally surfaced from the labyrinth of committees and sub-committees which service the main executive and provide it with a constant supply of ammunition with which to remind the leadership of its obligations to the rank and file.

Exactly which proposals are discussed would depend on which papers were produced by the research staff before they started taking action over their pay claim.

But if everything goes according to plan, the 29-member committee will rule on whether the annual conference should be allowed to vote again on the vexed question of the centrist resolution of differing MPs, and — even more sensitive — the question of whether the leader of the party should continue to be elected by the parliamentary party alone, or whether the franchise should be extended to include other parts of the Labour movement.

Left-wingers on the executive may try to raise two other questions which are hardly likely to

get a warm reception from Mr. Callaghan.

Mr. Anthony Wedgwood Benn is trying to get his committee proposals for a complete change in the rules covering drafting of the party manifesto discussed, and there is also a move to get a debate on the suggestion that Transport House should control the sums provided in Labour in Opposition.

Insofar as all these proposals are aimed at limiting the authority of the parliamentary party and making it more representative.

Relations between the parliamentary leadership and the Executive have rarely been free of friction, but just because Mr. Callaghan has not had to rely so much on Transport House over the last five years, the question of how to improve this relationship has tended to get brushed under the carpet.

Now Mr. Callaghan's team is being reminded almost daily of just how wide the gap is between their own views and those of the Executive.

The Executive sees itself as the conscience of the movement. It is elected each year by conference, and is charged with the job of ensuring that the decisions of the rest of the year are not ignored for the rest of the year.

The problem from the moderates' viewpoint is that the conference represents the views of committed Labour activists rather than ordinary Labour voters. And because of the way in which Executive members are elected, the balance of opinion on the Executive tends to be several degrees to the left of the parliamentary party.

By far the most votes at conference are wielded by the unions, who have 12 seats of their own on the NEC, together with a big say in who fills the five places in the women's section, and it is the Left which dominates both of these groups — all Left-wingers — are elected

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IK NEWS — LABOUR

Rail union rejects talks with Tories

BY PHILIP BASSETT, LABOUR STAFF

ITAIN'S largest railway on made it clear yesterday it would refuse to take part in discussions on economic social policy with the Government.

Delegates voted by 48 to 29 for his argument that the political and industrial wings of the Labour movement should now work together for the eventual return of a Labour Government.

New offer to Ebbw Vale tinplate staff

BY ROBIN REEVES

THE BRITISH Steel Corporation has increased its severance pay offer in trade unions at Ebbw Vale to a bid for early agreement on further staff reductions.

WIMBLEDON

No. 12 seed Sue Barker toppled

BY JOHN BARRETT

LADIES DAY at Wimbledon yesterday produced more drama than it has done for years as the defending champion Martina Navratilova, watched by her mother who had made a secret journey from her home in Czechoslovakia, struggled on Centre Court to beat the young South African Tanya Harford 4-6 6-2 6-1.

fect to the United States in August 1975. Miss Navratilova clearly found difficulty concentrating on the job, and was broken to love in her opening service game.

There was a dire snook for Britain on No. 2 court where Sue Barker, the No. 12 seed and second-ranked home player, went out to the 18-year-old Argentine Ivanna Madruga 6-3 4-6 9-6 in a match littered with errors.



MARTINA NAVRATILOVA opened her women's singles title defence watched by her mother, who flew in secretly from Prague.

NALGO opposes 9% pay offer

Our Labour Staff

A Y rise of nine per cent by local authority employers to 500,000 white staff is almost certain to be rejected by union officials.

Peugeot plans alarm Chrysler unions

BY NICK GARNETT, LABOUR STAFF

PLANS BY Peugeot to open five component plants in France have deepened suspicions among British trade union officials about the company's intentions toward its Chrysler UK factories.

agreement with the East German Government to build a transmission plant at Zwickau-Mosel. The motion, from the Metal Mechanics' Society, supported by the Association of Scientific, Technical and Managerial Staffs, says Peugeot did not consult British trade unions nor, probably, the Government in devising these arrangements.

Churches Fund helps to save 136 buildings

FIFTEEN CHURCHES came to the Redundant Churches Fund for care and preservation during 1978 bringing the number of churches or parts of churches held by the fund to 136 by the end of last year.

Churches Fund helps to save 136 buildings

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Pym in France for brief talks

MR. FRANCIS PYM, Defence Secretary, makes a flying visit to Paris today for talks with M. Yvon Bourges, French Minister of Defence.

GLC stocks up with winter salt

THE GREATER London Council is to increase its emergency stockpile of salt for the city's roads by 15,000 tons.

Union doubts on Belvoir coal plan

Our Labour Staff

THE GOVERNMENT may be trying to withdraw support from the National Coal Board to sink three new deep pits in the Vale of Belvoir in Leicestershire, claimed a colliery officials' union leader yesterday.

Civil servants break off pay dispute negotiations

BY GARETH GRIFFITHS, LABOUR STAFF

THE Institution of Professional Civil Servants has broken off informal talks with the Civil Service Department over its pay dispute and asked for a meeting with Mr. Paul Cunnison, Minister of State.

Consultancy in merger

FINANCE for Industry has merged its management consultancy subsidiary, ICFC, with NUMAS with ICFC Training to form a new company, ICFC Training and Management Consultants.

Advertisement for Burroughs 900 Series computers. The ad features a large image of a computer terminal with a keyboard and a monitor. The text reads: 'The new technology. Burroughs 900 Series computers give you higher performance and lower cost through advanced technology. optimum efficiency and a consistently high rate of throughput. The B 2930 and B 3950 can have up to four central processors. And they are completely software-compatible with earlier Burroughs intermediate systems. No rewriting or recompiling of existing application programs is required. And remember, when you buy any Burroughs system you get the bonus of dealing with a total capability company with 90 years experience. And the security of knowing the whole Burroughs organisation is behind you. We call it "Total System Support." Hardware, system software, application programs, customer training, system maintenance — even the business forms and supplies you need. Find out more. Phone your local Burroughs office or contact Burroughs Machines Limited, Department PRA, Heathrow House, Bath Road, Hounslow, Middlesex, England TW 5 9QL.'

Steel erectors' risk myth 'harms safety standards'

BY ALAN PIKE, LABOUR CORRESPONDENT

THE POPULAR mythology of the steel erector as a man who disregards the risks of his job has been detrimental to safety standards, the Health and Safety Executive said in a report published yesterday.

The report expresses "some disquiet" about incentive and bonus schemes for steel erectors. It says that by emphasising increased output, short cuts might be introduced at the cost of safety. So long as bonus schemes continue, proper provision must be made in them for the full performance of safe working procedures.



# FINANCIAL TIMES SURVEY

Wednesday June 27 1979

## Milton Keynes

Today's visit by the Queen to the new city's Civic Offices and enormous £36m shopping centre marks the coming of age of Milton Keynes. When the shops open for business in August they will provide the focus the community has lacked — and add to the achievements of a far-sighted project in which concern for the quality of life matches the success in attracting industry.

Planners' dream comes true

Arthur Smith, Midlands Correspondent

MILTON KEYNES, for so long a humorous target of cynics, looks set to have last laugh. The planners' dream of creating a city of 500,000 people amid the green hills of Buckinghamshire is on the way to reality. The controversy has never been away. Some of the housing barrack-like, a herd of crows donated as a gift to the city's first artist-aided residence grazes in a field. Traditionally, work has already started on "the first piece of land to be built outside the East" to accommodate a new Buddhist sect. At today's visit by the Queen, the Development Corporation officially the borough's Civic Offices and to what the Development Corporation claims is one of the largest covered shopping areas — the "royal" on a project once regarded as a utopian critics as bordering on

the more fanciful of the new city's ideas: the £36m scheme to erect a half-mile long building housing more than 1m square feet of shops.

Work started on the scheme five years ago. The site chosen was remote then from the established population centres of Bletchley, in the south of the new city's designated area, and Wolverton in the north. But since then new highways have cut through the countryside, the housing programme has accelerated and thousands of new jobs have been created.

Indeed, in a world where new towns are noted for their tendency to lay claim to the biggest and best, Milton Keynes maintains that, with housing going up at the rate of 2,000 homes a year, its construction programme is one of the largest in Europe — with no problem-fraught high blocks of flats.

The shopping area, which will provide the final link in a crescent of development from Bletchley to Wolverton, has given important credibility to the new city targets. The Post Office Superannuation Fund allocated £24m to the project back in 1974, but until perhaps 18 months ago there was a distinct unease among retailers about giving full commitment.

Now the development corporation can claim total support from the private sector, pointing out that only Marks and Spencer, for which a unit of 70,000 sq ft has been reserved, has still to make a final decision. More than 100 of the 130 shop units will be operational

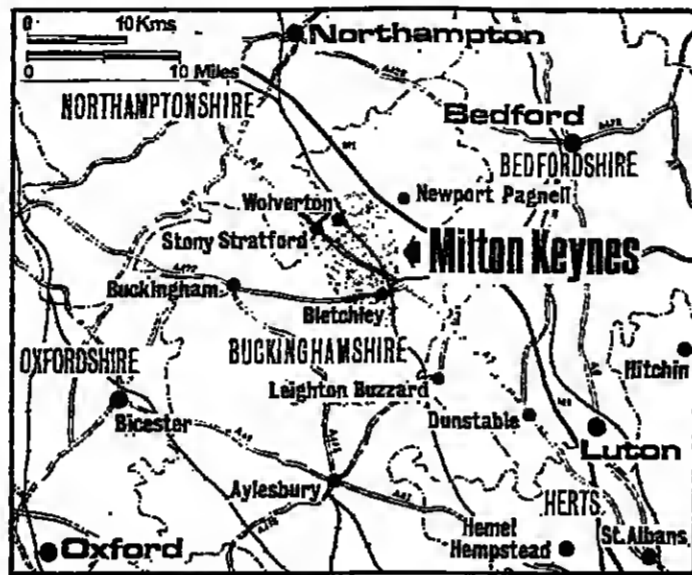
when the centre opens for business on August 9. Among those represented will be the John Lewis Partnership, G and A, Boots, British Home Stores, Woolworths, Halfords, W. H. Smith and Waitrose.

But the confidence of the development corporation is based upon more than the shopping centre. Crest Hotels, part of the Bass group, has announced plans for the 132-bedroom first phase of an hotel, complete with conference and leisure facilities. Advanced factory units are being built faster than they can be built and groundwork for a new railway station — only the second provided by British Rail in recent times — is under way, to give a faster and more direct service to London and the Midlands.

Milton Keynes over the past 12 months has gained a momentum of its own, but it was not always so. The commercial success of the enterprise owes a great deal to the drive and political influence of Lord Campbell of Eskan, the development corporation's chairman. A member of the Irish and Scottish aristocracy, educated at Eton and Oxford, and a successful businessman, he retains his commitment to the Labour Party and Socialism.

### Challenge

In his days as chairman of Booker McConnell Lord Campbell not only championed the doctrine of "social responsibility" but also initiated programmes for the rehousing and



settlement of workers in the company's sugar estates in British Guyana.

Just as he was retiring from his executive position in 1966 the Labour Government was looking for someone to head the Milton Keynes project. "It seemed to offer the right challenge of administrative, social, economic and political problems that I was seeking," he says.

Milton Keynes had been designated for expansion as a "counter-magnet" to help London contend with the rapid increase in population and jobs forecast for the south-east region in the early 1960s. Its purpose was to help relocate Londoners living in bad housing

conditions and Lord Campbell declares that in this role the new city has been a success.

But with hindsight he is prepared to concede the argument that had the planners been able to foresee the economic conditions that actually applied by the time the new city machinery was set up, Milton Keynes might never have started. By the late 1960s it was clear that the jobs promised under Sir Harold Wilson's "white-hot technological revolution" would not be forthcoming. Population forecasts were also being revised downwards.

However, Lord Campbell is

passionate in his belief that, once started, the new city should not be halted. "Milton Keynes is playing an enormous role. In the short term we are building houses faster than anywhere else in Britain for people still in inadequate conditions. We are providing the jobs to match."

"In the longer term, the city's commercial success will be judged on whether it repays all Government loans and becomes a development goldmine."

### Economies

Such commitment has carried the new city through the difficult periods which have followed changes of Government and economic climate. The Conservative Administration returned under Mr. Heath in June, 1970, was expected to examine the future of Milton Keynes critically alongside other prestige projects such as Concorde.

Milton Keynes has adopted the same terminology of the planners, emerged from that review unscathed and there is a similar confidence that the programme will be unchanged by the Thatcher Administration. Lord Campbell declares that "it would be folly at this stage not to allow Milton Keynes to continue developing under its own momentum."

The arrival of a Conservative Government committed to the role of the market and a cut in State involvement raises a whole series of questions for the new towns but should, if anything, strengthen the position of Milton Keynes. Population within the designated area has more than doubled in the past 10 years to about 85,000 so that the city has now passed

the important turning point where private capital can be attracted. The shopping centre and hotel are sufficient evidence of that.

The development corporation reports that the dramatic shift from public to private investment that has occurred over the past 12 months will continue. Inevitably it was in the early stages of the partnership between the development corporation, Milton Keynes borough council and Buckinghamshire County Council that spending on roads, schools and the general infrastructure was high.

According to the latest forecast, 58 per cent of the projected £2bn total development cost for the new city will be provided by private investors.

The area where the new Government might cause problems for Milton Keynes is in any proposed public spending economies on items such as education and leisure facilities.

The city does have the advantage however that much of the basic infrastructure has already been installed — the cynics point out that Milton Keynes has always seemed to have mile upon mile of new roads cutting across green fields with the result that it would be politically embarrassing for any Government to call a halt before the factories and houses had been built. The Government's current review of regional policy and

industrial aid must help Milton Keynes to the extent that it reduces the incentives for mobile industry to locate elsewhere. Decisions are expected before Parliament's summer recess, but the Chancellor of the Exchequer has already called for a four-month delay in the payment of regional development grants.

Options likely to be considered are increasing the threshold for grants, reducing the size of assisted areas and cutting advanced factory building by the English Industrial Estates Corporation. Any such moves to slim State involvement must benefit Milton Keynes, which can afford to trade on its natural advantages: its status astride the north-south road and rail network, its proximity to London and the markets of the South East, and the new factories or green field sites it can offer.

Such advantages seem likely to carry the city to its original target population of 250,000 although the previous Government as part of its review of new towns and inner city areas recommended a reduced level of only 200,000 by the 1990s. The time-scale assumes more academic significance once self-perpetuating growth has been established.

Inevitably, because of its success in creating 25,000 new jobs over the past decade, Milton Keynes features in debates about regional policy. Lord Campbell rejects any criticism that the new city's growth during a period when mobile industry was strictly limited might have been at the

CONTINUED ON NEXT PAGE

# IN 1976 TELEPHONE RENTALS MADE MILTON KEYNES THE BUSINESS COMMUNICATIONS CENTRE OF BRITAIN

1976 was the year the Telephone Rentals Group moved its headquarters from London to Milton Keynes.

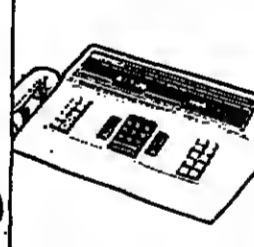
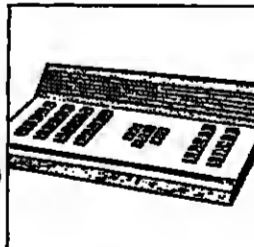
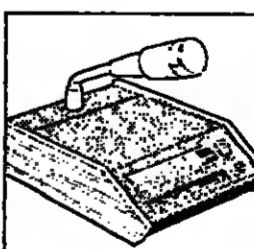
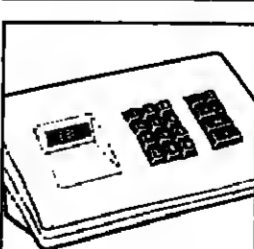
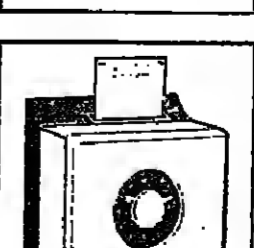
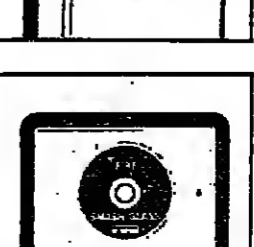
Telephone Rentals is by far Britain's largest company specialising in business communications. It concentrates all its time and energy keeping abreast of world developments, advising British business on the important, increasingly sophisticated subject of business communications and how they can be used to reduce telephone costs and increase administrative efficiency. And provides, installs and maintains them — usually on an inclusive rental basis.

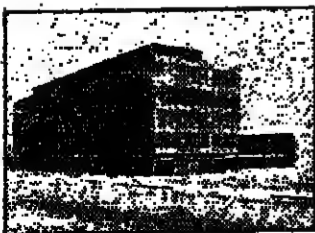
From its headquarters in Milton Keynes, Telephone Rentals administers a network of 10 regional offices with local offices spread throughout the United Kingdom, and six overseas companies in countries across the world.

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# MILTON KEYNES II Big demand for factories

**MOST AGENCIES** trying to attract new industry would welcome the problem faced by Mr. Allen Duff, commercial director of Milton Keynes Development Corporation. "Demand for factories is so great that we cannot build them quickly enough," he says. More than 100 advance factory units have been let over the past 12 months—a rate of one every 2 1/2 working days, according to the calculation of an assiduous Press office.

The Programme to step up provision of advance units to 1m sq ft from the 650,000 achieved last year was hit by bad weather in the early months, but a further 90 units of varying sizes are scheduled for completion this year. Leasehold sites, such as the 23 acres made available recently to Volkswagen (GB) for administration and warehousing headquarters, are also on order. General Motors has just taken a temporary lease on office space as the first move towards occupation of a 28-acre site that will house a £10m warehouse and distribution centre for automotive components. The development will provide employment for at least 300 by next year.

Mr. Duff says the demand for accommodation has really taken off over the past 12 months but the upward trend had been apparent for three years. Factors creating confidence in the new city were the opening of the shopping centre and the planned new hotel and railway station. "I think these have marked the shift from the uphill struggle to the downhill slide."

One change which Mr. Duff thinks the new Conservative Government might make would be to give development corporations the option of allowing the sale of industrial freeholds. He points out that it is important for the community, which provides the essential infrastructure, to take its share of the increased value of a site.

On the other hand, the flexibility to offer a freehold deal could be important in attracting companies and future employment to the area.

"There is also the need to develop a strong mixed economy," Mr. Duff argues. "There is a danger in new towns like Milton Keynes of over-municipalisation. It is important to have a proper

balance between the private and the public sector."

About 23,500 new jobs have been created over the past decade to take the total employment in the new city to more than 40,000. A recent study by the development corporation suggested that little more than one in five of the new jobs were created by companies transferring to the city from outside. Almost as important was the growth of companies already resident, while 22 per cent of new employment came from enterprises actually starting up in Milton Keynes.

Predictably, there was a large increase in the service sector with the growth of shopping, education, leisure and administrative facilities. The effect of the expansion programme so far has been to reduce slightly the relative importance of manufacturing industry, but opportunities for management and the professions have increased.

**Construction**  
The city has a broad-based economy with no obvious bias towards either manufacturing or service trades. The most noticeable difference between the employment structure of Milton Keynes and that of Britain as a whole is the high number engaged in construction.

Total employment in that sector is currently around 4,800 and this can be expected to remain high for many years as the development corporation presses ahead with what it claims is one of the biggest construction programmes in Europe.

Construction workers, more than half of whom do not live locally but travel in, exert an influence upon what is an interesting commuting pattern. About 13,000 workers come into Milton Keynes daily as against 7,500 who travel out. Mr. Duff says such a favourable flow was not expected so early in the expansion programme and takes it as another indication of the city's success.



Construction of the shopping centre has greatly buoyed commercial confidence in Milton Keynes. Here Ashton House and Norfolk House, two office blocks, are under construction in the city centre

The importance of London as a source of jobs for the new city has also declined over the past five years. In total, about 1,530 jobs represent the direct transfer of companies from the capital, but this movement has now slowed to a trickle. Companies tend to come from other parts of the south-east region where, because of pressure upon land, housing and labour, expansion might be restricted.

Mr. Duff argues that it is far better to provide a city such as Milton Keynes as a planned growth point rather than allow development in the South East to take place on an ad hoc basis. The city has proved attractive to foreign companies although the development corporation has done very little overseas marketing, except in North America.

About 18 U.S. firms, the latest of which is General Motors, have set up operations, while companies from countries such as Italy, Germany and Switzer-

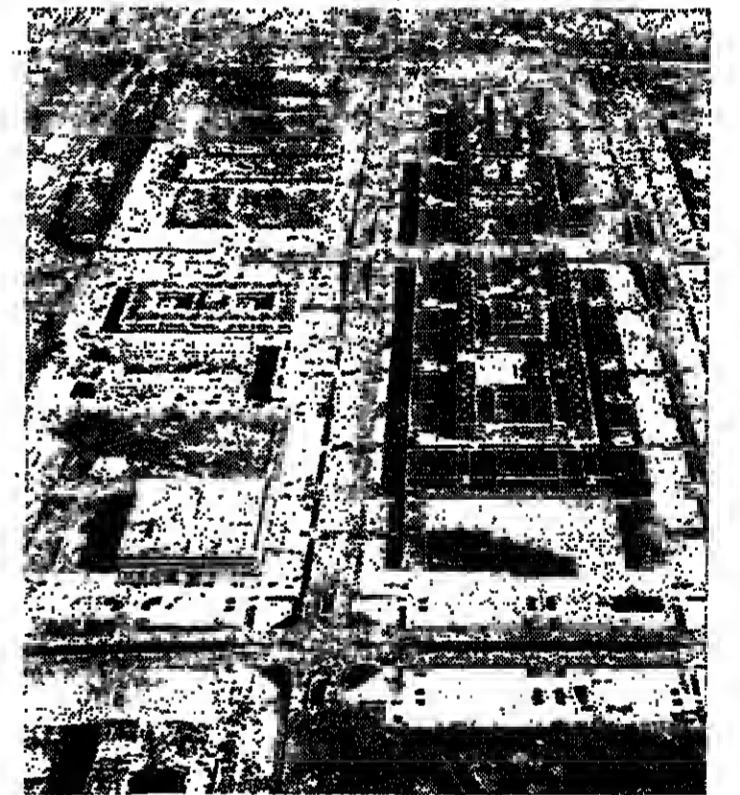
land are also represented. "Mr. Karl Guttenberg, chairman of Milton Keynes Industrial Association, which has about 120 member companies, says a good dialogue has been established with the development corporation."

Because the articles of the association, a local body established some years ago, are too restrictive, businessmen are in the process of forming a chamber of commerce. Mr. Guttenberg says the support and funds are already available. Only an industrial dispute at Companies House has delayed registration of the new chamber.

One of the issues raised by the association is the prospect of shortages of skilled labour—a national problem but one which could become acute in the new city with expansion proceeding so rapidly. There is a determination by local companies not to get caught up in an inflationary scramble for labour. It does mean, however,

that employers must at the very least ensure that working conditions and ancillary facilities are competitive.

Another issue, which has attracted the association's attention is the need to create an efficient public transport system within the new city.



The shopping centre, above, is half a mile from end to end. The borough council's new Civic Offices are adjacent at the lower left

## Commercial building in full flood

**IT IS** another sign of the momentum that has been created by both the private and public sectors in building the physical fabric of Milton Keynes that, in the next year to 18 months as much building will be going for offices, hotels and other property as has taken place in the past five years.

The picture has never been more encouraging, and though a severe economic downturn could stretch programmes over longer time scales, it seems clear that a watershed has been reached. There have, it is true, been one or two withdrawals by the private sector from developments not directly connected with the shopping centre, but the gap has been filled without noticeable difficulty.

In transforming paper plans and designs into buildings the private sector has played, and continues to play, a vital part. This year more than 80 per cent of the capital programme for industrial and commercial property will be funded by the institutions.

The Post Office pension fund provided the initial impetus for the magnificent shopping centre, said to be one of the two highest under cover in Europe. It funded £24m, nearly half the total cost—so act of faith in the management of the Development Corporation as well as in the future of Milton Keynes.

There was always the possibility of the shopping centre being labelled too grandiose, too splendid, too visionary, too impractical commercially, and indeed it has still to prove its viability.

It was therefore a considerable coup to capture the John Lewis Partnership for the big block at one end of the centre, for it demonstrated to others beyond peradventure that canny traders believed in the project and were willing to back their judgment in millions of pounds.

Others which have followed the John Lewis Partnership are Woolworths, now acquiring a new image, Waitrose, Tesco and Boots, with space reserved for Marks and Spencer.

A commitment by top names such as these has had a vitalising effect elsewhere in the property market, and not only in central areas of Milton Keynes. The new city has been built in a connected series of

neighbourhood centres each served by corner shops, so that a sense of community is generated. There has been no lack of demand for these.

But Milton Keynes is not just a new town that will have a grand central shopping area, administrative and other offices and the paraphernalia of a growing population. It is a multi-centre city, with Bletchley in the south and the railway town of Wolverton and adjacent Stony Stratford in the north, all long-established centres with their own traditions. There is also a number of old villages including the village of Milton Keynes on the western side of the new centre, from which the city takes its name, but little else.

**Cementing**  
What the new Milton Keynes is doing is to bridge these older communities, and, at any rate in terms of business and commerce, draw them together with a new-found identity. What is developing is a bigger and more magnetic and go-ahead area.

What is happening at Stony Stratford to the property scene both follows general trends as well as cementing bonds with the new town area so that they are beginning to progress in a more composite manner.

Stony Stratford shops used to have long gardens and orchards behind them, several of which have now been taken over and made into a car park. A majority of the shops used to be family-owned, until the families found the rates becoming too high to live above them and they began to move out.

That was one of the early changes. They have been going on since, with the result that properties have been changing hands much more frequently, especially since one or two supermarkets appeared on the scene. The increase in values started three or four years ago with the increase of population in the new city, and Bletchley, temporarily, became the chief shopping centre.

Vacated accommodation over the family-owned shops has been turned into offices in the established centres, with rents of £3.50 a sq ft in modern or modernised accommodation and £3 or perhaps less in older accommodation. This compares with £4.50 and £4 a sq ft in

and around the centre of new Milton Keynes.

The narrowness of the difference reflects both the demand for office accommodation everywhere—there is none to let in Corporation developments—and the improving quality in the older districts. Only 18 months ago it was possible to get the same accommodation in Bletchley or Stony Stratford at £2 or £2.50 a sq ft, or £1 less than currently being paid.

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## Dream

CONTINUED FROM PREVIOUS PAGE

expense of London and the assisted areas.

He points out that only about 1,500 jobs represent direct moves from London and that such a safety valve is essential if redevelopment of the inner city areas is to take place.

Milton Keynes is seen as one of the planned growth points in the expansion that inevitably will take place within the prosperous South-East region.

"Of course, it is arguable that new towns to some extent impede development in the assisted areas, but the difficulty has always been that no amount of economic incentives have countered the attraction of the South East. In my previous career, in Africa and the West Indies, there were some places people wanted to work and live. Milton Keynes is such a place."

Lord Campbell also stresses the importance to Britain of providing industry with modern facilities where it is possible not only to achieve high productivity but also to enjoy a good working environment. The new city has been successful in attracting high-technology industries and a number of companies from overseas, particularly from the U.S.

"I don't know what the future holds for Britain, but if anything succeeds it will be Milton Keynes. I do not say that we won't have our share of problems. But that is true of all things. That is life."

Peter Cartwright





**"OUR STAFF TURNOVER WAS 30% A YEAR. IN MILTON KEYNES IT HAS DROPPED TO 5%."**

BRIAN ELSON, MANAGING DIRECTOR, SCICON.



**"FROM MILTON KEYNES WE CAN OFFER CLIENTS FAST, ON THE SPOT SERVICE."**

**THAT'S GOOD FOR US AND GOOD FOR THEM."**

NANCY THOMSON, MANAGING DIRECTOR, THOMSON LABORATORIES, POLLUTION CONSULTANTS.

**"IN MILTON KEYNES WE'VE GROWN FROM 3 TO 53 PEOPLE SINCE 1975."**

**ROOM TO EXPAND ISN'T A PROBLEM HERE."**

RON CRAGG, MANAGING DIRECTOR, PERICOM DATA SYSTEMS.



**"WHY MILTON KEYNES? SUPERB OFFICES AT A VERY COMPETITIVE RENT."**

**AND OUR STAFF WERE HAPPY TO MOVE HERE."**

JIM DAVIES, MANAGING DIRECTOR, APEX PETROLEUM.



## MILTON KEYNES IV

# Shopping strategy welcomes all

THE Development Corporation has turned a blind eye to some cherished criteria in its successful drive to establish what will be one of the biggest shopping areas under cover in Europe.

Many developers will advise keeping banking, building societies and betting shops off the High Street. But though the three Bs may be anathema to some, in Milton Keynes they receive no less a welcome than the supermarkets. It is a measure of the corporation's evenhandedness that the first shopping area to open, five years ago now, is called Lloyd's Court.

Building societies have a logical existence there, too, and if there has been nowhere to make a formal bet on the Derby there certainly will be, for the shopping centre caters quite specifically both for the biggest and grandest such as the John Lewis Partnership, and for the one-person craft shop not much bigger than a living room.

The corporation's shopping strategy is based on a three-tier hierarchy that takes account of existing facilities in the district and in the region. Taking the John Lewis Partnership project as an example, its Milton Keynes store lies between one in Brent Cross in north London and another in Nottingham. It has been taken not simply to cater for the new city, but the much wider region around. Within 45 minutes driving time are 1.5m people who soon will have the new magnet of a unique shopping centre to attract them.

In the range and quality of goods the bigger operators in the shopping centre will be competing with or complement-

ing shopping facilities in Northampton, Oxford and Luton.

The new centre is bound to attract a lot of people initially purely out of curiosity value. It is very likely, when they have sampled its unrivalled amenities, that they will return — it will not be difficult to form a pleasant habit.

At any rate it is expected that somewhere near 750,000 people a week will be using the centre not too long after its opening in August. Perhaps one in three or four will come from the regional centres.

## Stimulate

The new shopping centre will well clear of the established towns of Blechley, Stooey Stratford and Wolverton. For populations each of around 50,000 they are reasonably well provided with shopping facilities though lacking somewhat in the facilities supermarkets larger than existing ones can provide, and in fashion shops. Whatever deficiencies there may be will be made good at Central Milton Keynes and should also stimulate the combative trading spirit of the more senior places.

Of course, as the population increases beyond the present 80,000 there will be the opportunity for further shopping developments to the east and west of Milton Keynes, depending on how future facilities elsewhere develop, or new ones are needed. This second tier of district shopping seems to have been sensibly planned, and is being sensibly developed to meet present and future needs of an expanding population that will be looking increasingly for a wider range of choice.

The third tier in the shopping

hierarchy comprises the neighbourhood shops, the little corner establishments which cater for the everyday needs of the household, the mums with families and lots of washing, the allotment addict and children with a few pence to spend.

The range includes, of course, the traditional newspaper, magazine and confectionery shops, and is expected throughout the new estates to include chemists as well as fish and chip shops, post offices, grocers, vegetable shops and laundrettes.

If the range is to be wide enough to cover needs that are both everyday and occasional it appears probable that in the early days at any rate there could be some failures among one-man businesses. To counter this the corporation has embarked deliberately on a policy of interesting single developers to take over a group of corner shops. It is hoped in this way to sustain any shopkeepers who get into difficulties with the profits of the more successful.

A start has been made through an American group, Southland Corporation of Dallas, which specialises in neighbourhood units and recently took over R. S. McColl, the newsagents and confectionery group. Milton Keynes represents Southland's first venture of this kind in Britain and the corporation is delighted that it should be so.

On the other hand, this does not preclude the individual seeking to establish himself or herself, but it is felt that a mixture of the two will lessen the chance of depressing failures.

At the heart of the city is the half-mile-long High Street of shops whose covered arcades

continue the grid system of roads on which the new city is being established. Its 1.1m sq ft gross of retailing space, all on one level, is as large as the National Exhibition Centre near Birmingham and it is a good deal more compressed.

Yet while the sheer bulk of the enterprise is truly impressive, its impact has been softened to a number of ways. First by the relation of height to length and width; second by the liberal use of trees and plants indoors and out and the absence of disfiguring multi-storey car parks; and third by reflective glass which to the passer-by will mirror the tree-lined boulevards and the general activity around the centre.

## Scale

The aim has been to prevent the buildings dominating the area and when the two tree-lined boulevards that march alongside the centre have reached maturity this should be realised more fully.

For the time being there will be more than one opinion as to whether the bold concept has been successful. The sheer scale of the centre, still raw and unfinished, towering above the young trees tends to be daunting as well as impressive. But inside each ball has its own personality and the individual feels not at all overwhelmed.

The two light and airy main arcades that run the length of the building are paved with sandy-coloured marble and along the middle of them are raised beds planted with a bewildering variety of plants, succulents and trees from many parts of the world. There are lime and palm trees, oaks and

evergreens, ferns and mosses in a botanical array that will admirably set off the big picture shop windows on either side.

At one end is a splendid garden court, open to the air, with a fine fountain playing above a pool. Towards the other end are a series of cafes that will be overhung by grape vines supported by a series of pergolas, the whole set off by the bright blue of tall African flowers.

There is also a very large, airy ball designed to be used for temporary exhibitions and any other events that will attract passers-by as they shop. Even in its unfinished state the centre has become a centre of attention for town planners and architects from Europe and beyond. Those who live in Milton Keynes will get their chance to wander and wonder when the centre opens on August 9.

All the big shops have found tenants or have been spoken for and these inevitably will overshadow the smaller units. These also are steadily filling up with chain shops, hardware stores and many others still to make their presence known.

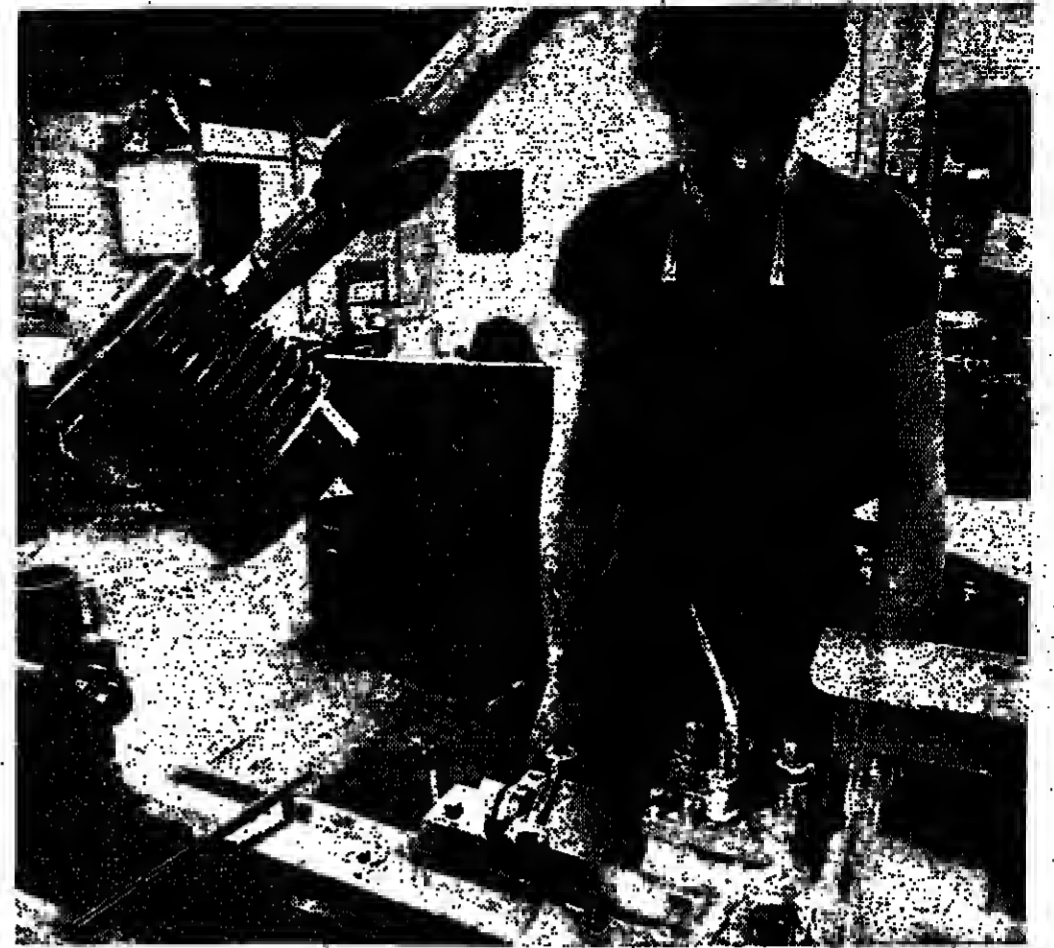
Looking out on to the flanking tree-lined boulevards which also contain the free car parks, will be the small delicatessen, craft, picture gallery and other units. In the middle, on one side, will be an open market for fresh fruit and vegetables.

Access to the central shopping area is easy, by dual-carriageway roads, and will be made easier still for visitors from beyond the city boundaries. The A5, the old Watling Street, is to be realigned so that it bypasses Stony Stratford and goes along the periphery of Central Milton Keynes. There will be several interchanges, including one at Blechley to the south, a central one linking also with the M1, and another leading into the industrial area to the north.

The new railway station to be built near the shopping centre will also create access from outside the city and intending shoppers should find the various routes and facilities quite adequate.

Although the shopping centre is opening in August, not all the retailers will open until autumn. The first real test of the amenities and their pulling power will come at Christmas. A Christmas tree is just about the only one they haven't put in the building, but there's plenty of time.

Peter Cartwright



A lathe operator at work in one of the small factories at Kilm Farm

## Pioneering scheme for small firms

"A NEW CITY is supposed to be a place of opportunity. It is only right we should share part of the risk in encouraging new firms. That is the view of Mr. Nigel Walker, 30, who in addition to his job as principal commercial surveyor with Milton Keynes development corporation, devotes much of his energy to the Small Business Centre — a pioneering project to help small firms get off the ground.

The development corporation has provided 11 workshop units, ranging from little over 500 square feet to around 2,700 square feet, on a site at Kilm Farm. All were leased to new or existing small companies involved in modern technology. The difference is that rents are payable three months in arrears and the landlord will take a sympathetic view of short term problems.

All tenants are shareholders in the management company responsible for day to day running of the Centre which also provides shared conference and secretarial facilities. Mr. Walker, as the company secre-

tary, sees his job as trying to make the landlord-tenant relationship as flexible as possible to ensure the commercial success of the individual ventures.

"If there were any difficulties we would have to look at how we could assist, but that has not happened yet," Mr. Walker says. "With more than 150 applications for the units, the development corporation could afford to be selective about its tenants."

## Expansion

Mr. Walker reports that one company is already seeking a move so that it can triple its floorspace from the present 1,000 sq ft. Units at the Centre were leased for three years but can be surrendered at any time with only three months' notice in order to help ease the case of movement and expansion.

The School of Management at the Cranfield Institute of Technology, nearby, is also co-operating with the Centre and firms were offered free consultancy in the early days on topics such as marketing, cash-flow projections and professional services.

Mr. Walker says the Cranfield involvement is continuing and companies are able to take up business advice at fees arranged through the development corporation.

The Kilm Farm project, opened by Mr. Harold Lever, the Labour Minister with responsibility for small firms since elevated to a peerage, is only the prototype for a number of schemes which the corpora-

tion wants to operate on its industrial sites.

Milton Keynes enjoys the benefit of a broad-based local economy with only 4 per cent of its companies employing more than 100 workers — and that figure includes the development corporation. Nearly half the city's companies employ fewer than six people and the aim is to generate industrial growth from what is regarded as an important sector.

A survey of employment growth in the first seven years of Milton Keynes up to September 1976 indicated that 4,200 jobs, or 23 per cent of the total, had resulted from new firms setting up in the city.

Even without the specialist facilities offered at Kilm Farm many new companies have started in the advance factory units provided by the corporation. "We have said we will take the risk to a number of tenants where a private developer would have said no," says Mr. Allan Duff, the corporation's commercial director.

"We adopt commercial criteria but it is the companies where there might be an element of risk that will provide the growth. So far we have been successful," he says.

The experiment at Kilm Farm has not only provided the new city with a number of lively companies but has also attracted attention outside Milton Keynes.

"We have had a surprising amount of interest in what we are doing from local authorities and other new towns," Mr. Walker reports.

A.S.



Part of the almost completed £36m indoor shopping centre with its mixture of small shops and big stores

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ONE OF the first big names that Milton Keynes attracted to the new city was Hoechst, the German chemicals giant with operations in 120 countries. But that was in the early days when doubts were still being cast on the viability of "the planners' dream."

Nearly 10 years on, why was the decision made, how successful has it been, and what are the company's plans for the future?

Mr. Nicholas Beattie, site administration manager, speaking in his office in the converted Walton Manor House, declares: "This is a prestige site for a prestige company. We would not have found anywhere more suitable in the whole of Britain."

He pointed out that the company did try "After being shown around the extremities of Scotland and the wilds of Wales, we managed to persuade the Department of Industry that we really wanted to be in Milton Keynes."

Hoechst took over the former Walton Manor stud farm and 80 acres of grazing land in 1972. The first big investment was a £3.5m project to establish a pharmaceutical research laboratory to contribute to the company's £30m a year research into products for medical use.

The laboratory, with accommodation for 150 research scientists, is geared towards development of improved methods of disease diagnosis and studies into potential new drugs.

Soon afterwards a new facility was established to increase Hoechst's role in veterinary medicine. Animal health laboratories and facilities for the production of vaccines and sera were built. The 30 acres of farmland provided natural grazing and allowed the investigation of products under practical farming conditions.

At the beginning of this year a £750,000 warehouse for the distribution of pharmaceutical goods was opened.

For the facilities established so far Milton Keynes has been ideal, Mr. Beattie maintains. He says that for distribution the city is well-placed astride the main north to south rail and road links. Communications are

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MILTON KEYNES VI

# Homes programme starts to accelerate

THE PROGRAMME of home building in Milton Keynes is beginning to roll faster. The development corporation no longer has to cajole or pressure nervous developers. A decade of investment pump priming is being rewarded and today the pressure to build is coming from waiting lists for private homes.

"Demand is strong across the range of houses," a confident Mr. Brian Brookman, manager of the private housing unit, asserts. "And there is an increasing demand for the more expensive homes, a few of which cost up to £75,000."

At Milton Keynes village, where new houses are going for £38,000 to £45,000, a hundred people are after 31 houses. At Millhays, where four-bedroom, two-bathroom houses of £43,000 to £45,000 are to be built, the waiting list is 65. About 160 have their names on the list for homes in the £18,000 to £27,950 bracket at Parkside, a development of three- and four-bedroom terraced and detached houses. There is a list of 140 names for flats and maisonettes in the central area.

## Confidence

The keen demand both for the picturesque homes and those of the other end of the scale has led to a confidence in the development of the new city as a place where to live, as well as work. The speed with which the new jobs are being created in Milton Keynes has delighted many of the people who have moved to the new town from the London area, and it is within reasonable commuting distance. In fact, many people are working outside the city. But the main attraction is that 13,000 from outside will work there.

Taken in conjunction with the substantial waiting lists for homes for sale on the 14 building sites, it seems clear that the development corporation and developers can look forward to a fairly steady expansion from the current 36,000 population to twice that in the early 1990s as planned without the need for very much, if any, extra stimulation.

It was always anticipated that natural growth would take over 150,000 population — 200,000 more pessimistically — but now it appears that this process has started already. And with the infrastructure making steady progress this can be expected to continue.

The larger demand for houses for sale also suggests that a balance between homes for rent and those for sale will be struck perhaps sooner than seemed likely not so long ago. The ideal mix, the corporation believes, is half for rent and half for sale. At present the mix is 60-40 per cent in favour of rented accommodation. There are 50 completed developments of 10,000 rented homes and another 3,400 are being built on 23 developments.

It is a measure of the corporation's concern to create a city for all ages, conditions and abilities that 15-20 per cent of the housing stock is for the aged, besides catering for single people, the disabled and for all sizes of family. The mix is reviewed in the light of national population statistics and policy trimmed accordingly.

Officers had been quite prepared to turn over some of the sheltered homes to ordinary folk but there has been no need, and small wonder. One of the completed schemes is imaginative in design, with inner walkways naturally decorated with bushes and evergreens and of fastidious quality, with a great deal of thought obviously having been given to the problems and needs of the disabled.

This is carried still further if they want to go shopping. They can phone an office and arrange for a wheelchair or other aids to be waiting for them in the car park outside the store they want to visit.

In each scheme the corporation is building 5 per cent of homes for the mobile disabled and a further 0.5 per cent is set aside for the wobbly disabled. For these sheltered homes, too, there are now waiting lists. Schemes are also being given more variety by the provision of plots for sale and for development by housing associations and co-operative ventures.

## Easier

With a new government in power committed to encouraging home ownership the corporation has been able to make it a good deal easier and more attractive for tenants to buy. The 60 per cent balance of rented accommodation reflects the lack of confidence developers had in building for sale until the market started to pick up about two years ago.

Nevertheless, although there had necessarily to be a heavy emphasis on accommodation to rent, the corporation, encouraged by the Environment Department, built to designs and standards — especially as regards spacing — which in the years to come would be attractive to people who wished to buy.

The original rules for tenants who wanted to buy were that

they must have been in occupation for at least four years and that the homes would be sold at a discount of 33 per cent on current market values, with the proviso that the minimum price must meet the costs.

The new Conservative government allows new town corporations to relax the rules substantially. Homes can now be sold at market values less discounts even if they are less than cost. There is an immediately available 30 per cent discount even if the occupier has been there less than three years. And if he has been there for three years the discount is 33 per cent, with a further 1 per cent discount for each extra year.

The speed with which the corporation can tilt the balance in favour of house purchase quite obviously depends to a considerable degree on the views tenants take of their accommodation.

In the earliest days, when the corporation's brief was to build quickly to increase the 40,000 then living in the area by populating the flats with houses, it had to agree major developments of largely uniform construction in order to attract the builders.

To some people one or two of the early developments, all in yellow brick, another all in red, with red-tiled roofs, look horribly uniform and barracks-like. They also emphasise the severity of the geometrical pattern of development, in which squares predominate.

This lack of variety and other deficiencies during the period in which the new town was just starting up are admitted. The greater variety in types of building, lay-outs and the general mix that have been introduced since are a recognition that there have been lessons to learn.

But if some elevated roads provide a bleak view of roofs — and from some angles an apparent half-mile of terraced houses — what is it like for those who live there?

Like the shopping centre itself, much of Milton Keynes is much nicer from the inside looking out. This is changing as a greater degree of variety and character become evident, and this will happen at an increasing pace.

In the year to the end of March the number of completions was on target at 400, and would have been higher but for the appalling weather. This year 700 homes should be completed and there is no reason to doubt that 1980-81 will produce 1,200 and the year after that 1,500.

There are 21 schemes currently under construction to provide 1,873 houses, of which 730 have been completed so far. Another 18 schemes have been agreed and will in time add another 704 homes. More and more schemes are being agreed with the volume house builders' study group (of seven of the largest builders in the country). Milton Keynes is in the up and up.

P.C.



The city is aiming for a good mix of private and rented accommodation. These are some of the rented homes of North Hill.

# Leisure one of the main priorities

IF EVER a city has been designed with leisure as a priority it must be Milton Keynes. For the development corporation and borough council's ambitious planning for the spare time of the eventual 200,000-plus population, and the visitors they want to attract, is one of the reasons architects and other professionals visit from all over the world.

The city's underlying theme of leisure is reflected almost everywhere that so far has been built on, landscaped or simply left alone. It is intended to be a place to explore and enjoy; where simply getting about, especially by bicycle or on foot, can be a pleasure in itself.

A place where you may find a canal-side walk or a nature trail in a wood a few minutes from your front door, and a judo class or the big city stores (when the shopping centre opens) may be no further away in another direction.

Huge swathes of informal parkland with riverside walks are being created — the Linear Parks along the rivers Ouse and Ouzel and Loughton Brook — in the city plan. There are 65 miles of cycleways and more to come. And in the built-up areas trees and shrubs are being planted everywhere (more than 2m so far), so that town and country become inseparable.

Everything, it seems, has been thought of. The two borough council leisure centres with their theatres and excellent facilities for many kinds of sports at international level, have been open for some time.

A sports stadium is to be built; one of two equestrian centres is open; a regional arts centre is to be developed when funding and policy can be agreed; and the city has a new museum and its second artist-in-residence, thanks to an Arts Council Fellowship.

## Bonus

There are adventure playgrounds for children, wildlife conservation schemes, and a money sports area for model aircraft, pistol shooting and so on sandwiched between the new A5 link road and the railway where they will give least offence.

Lakes have been created as amenities, with fishing sailing and waterskiing, as a bonus from dealing with the city's water run-off from buildings and roads.

In the summer there are guided walks to places of interest led by park wardens, forestry staff and archaeologists and there are more than 650 local societies holding regular meetings.

Not everything that has been done so far has worked out exactly as planned. For instance, it was decided to provide one golf course for every 30,000 people. Now it has been found that the present two are under-used by the present 36,000 population. So the city is working instead on the basis of one course per 50,000 and will wait until the population is much larger before providing a third.

The astonishing thing about Milton Keynes is not simply that the leisure facilities which are there or to come are comprehensive. It is that simultaneously with building the homes, fac-



Bothers in the pool at Bletchley Leisure Centre: one of two built as an integral part of the Milton Keynes philosophy that play is as important as work. Each has a theatre and extensive facilities for sport.

stadium and we would build a 50-metre pool there too if the Games come here. If not, the stadium probably would be designed for football and greyhound racing instead of football and athletics, and we would build two 25-metre pools elsewhere in the city instead of the 50-metre one."

England's nominated venue for the Games is to be chosen this autumn (Birmingham is also interested). Then the decision on which county they will actually go to will be made when the Commonwealth Games Federation meets at the 1980 Olympics in Moscow.

Milton Keynes has been extremely fortunate to have the experience of Britain's old cities and the post-war new towns to profit from, so that many of the social problems that could have arisen were defused in advance.

Says Mr. Jones: "It would have taken years — into a second generation — to put right such problems, but by deliberately providing parks, meeting places, opportunities for community involvement and other facilities early on — often in advance of the factories — we have kept ahead of them all the time. There is very little evidence of community problems here.

## Popular

"For example, the council built the two leisure centres, at Bletchley and Stantonbury, well before, in financial terms, they could be justified, instead of waiting for most of the population to arrive first."

"We put on a lot of events. Youngsters here have somewhere to go and the train to London to find entertainment. In fact, we often have to ration tickets for our events because they are so popular."

Both the corporation and the council have lively promotions departments with a keen nose for what people like. The world Kendo championships have been held at Milton Keynes so has TV squash, international boxing and table tennis.

Andre Previn and the LSO, the Czech State Orchestra, Sasha Distal, Julian Bream, the New Seekers and Show Waddy-Waddy have all appeared there, not to mention the Royal Shakespeare Company and the National Theatre Company.

The borough council's skills under Teresa Collard, its arts and entertainment manager, have extended even to commissioning works from artists and musicians, with grant aid from the Arts Council, East Midlands Arts Association and the Eastern Authorities Orchestral Association.

There are plans also to show the best of Milton Keynes to the rest of the world. There are thoughts of enticing a good football team and the Milton Keynes Chamber Orchestra made its London debut in May, at St John's, Smith Square.

Street reactions from a few of the people in the city show that, like any other place, living there is largely what you make it. A regular What's On guide lists all the main events, but inevitably some people are still drawn by the familiar attractions of Bletchley and other towns while others have as hectic a social life as they can manage in the new city.

And for those who tend to watch TV or go to a pub, you can take some getting used to the idea of using a nearby community workshop, where you can do photography, pottery and other activities for 20p a session plus the cost of the materials.

For the youngsters being without a car forces them to rely on the buses which, many people agree, are few and far between. And at that age going anywhere is expensive.

The development of Central Milton Keynes will both solve the distance problem and bring many more activities to the city. Granada Theatre is negotiating with the corporation to build a big leisure complex right by the shopping centre to include cinemas, bingo, restaurants, a night club, amusements and more shops.

These facilities, to cost more than £1m, are expected to open progressively, starting in about 18 months' time. And the corporation is already pencilling in other commercially-run schemes next to the shopping centre, which are likely to include a

garden centre, children's amusement park and a steak house.

Detailed discussions with the borough council on what will be sited — where should begin in about six months.

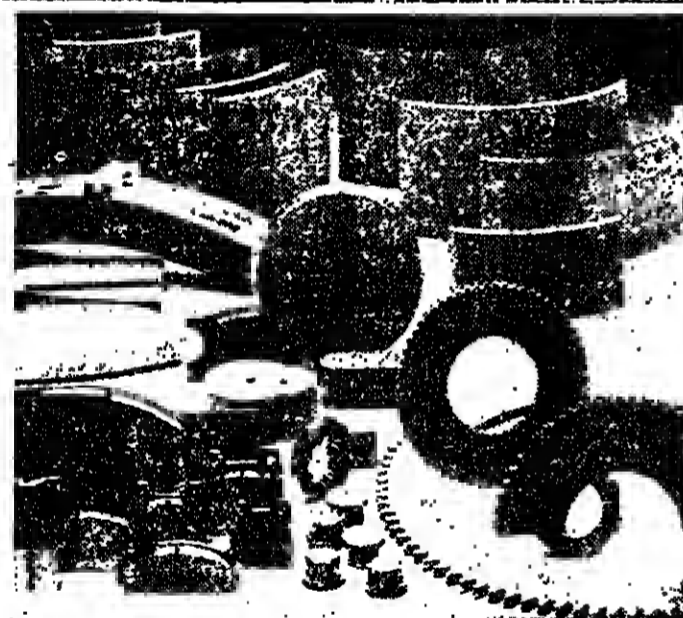
Other discussions planned include the formation of a water recreation strategy for Milton Keynes; lakes as a basis for talks on their use with outside sports bodies.

The corporation, in its promotional literature, is already laying claim to the title City of the Future. Once most of the attractions are there it might also merit the name City of Leisure.

The fascinating thing is this: Milton Keynes is being built at the very time that micro-processors and automation, the crises of our old cities and the shorter working week are raising unprecedented problems of how people could or ought to occupy their spare time.

So the planners' successes and mistakes in this new city are important. Milton Keynes at play is a blueprint for the 21st century.

Michael Strutt



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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Novel approach to technology export

DAVID FISHLICK, SCIENCE EDITOR

UPON a time (about ten years ago) American scientists and engineers... novel approach to technology export... Paul Cautley, director-general of Technex...

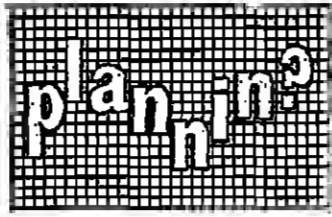
Foundations

How this expertise can come together to provide a technology package... Paul Cautley's words, "something we should be very good at doing..."

Nigeria irony

chairman is Ron Brooks, general director of John Research and Development... Nigeria irony... Ron Brooks...

"PLANNING is just a waste of time nowadays—especially so-called strategic planning. In today's world there's no point looking further forward than a one or two-year budget..."



That, in a nutshell, is the sort of controversy... planning... Christopher Lorenz launches a series of articles on planning...

Christopher Lorenz launches a series of articles on planning

Corporate strategy in an age of uncertainty

Since the 1973 oil crisis, as these imponderables have multiplied, each one compounding the last, company managements have responded in different ways...

form of planning which suits it best is needlessly confused by jargon; not so much the very fact that specialised terminology is used to describe concepts or techniques...

To call "the strategic management process" — the way top and senior executives decide, direct, delegate and control the generation and allocation of resources within a company...

firm's environment; fourth, establishing corporate objectives for where the company wants to be at a certain time; and, fifth, creating a number of corporate policies, plans, programs and tasks successfully to accomplish the objectives that were established...

the failure of many of the planning systems which were introduced in the Sixties under the influence of the "scientific management" lobby. It will argue that the problems were more deep-seated than is often suggested...

General Electric's painful re-think

commercial aircraft engine business, a "suicidal" price battle with Rolls-Royce had "deferred profits for a number of years..."

business units"), and to extensive changes in procedures. Among the numerous points in Allen's article, two stand out as especially relevant to executives in any type or size of company...

challenges" are featured in the general management conference, which is attended by the group's top 400 managers in the first week of January...

processors on many of our electro-mechanical component and equipment products. "Every business plan that year had to consider the opportunities that microprocessors offered the business and the competitive threats they posed..."

concerned "the flood of foreign competitive investment—principally Japanese and European—into the U.S. market. Each business examined its relative vulnerability to attack, and the various offensive and defensive options..."

BUSINESS PROBLEMS

Grazing land I understand there is a way of leasing land which avoids the problems of the tenant having the rights to continue after, say, a two year period. Can this be done?

Nominee shares I formed the X Pension Trust into a company in order to pay pensions to a number of former employees. Is it a fact that this company may not agree to accept cash with which to purchase as nominee shares to be held in the name of the company as nominees with the assent of the directors?

BY OUR LEGAL STAFF No legal responsibility can be accepted by the Financial Times for the answers given in these columns. Answers will be answered by post as soon as possible.

HEWLETT PACKARD BUILD Rabans Lane, Aylesbury, Buckinghamshire HP19 3RT Tel: Aylesbury (0296) 81021 Telex: 837502

When you dine at the Princes Room, better look out.

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THE ARTS

Truth in the hypothetical by CHRIS DUNKLEY



Dionne Warwick by ANTONY THORNCROFT

After three years of semi-retirement Dionne Warwick is making records, and touring UK to give them a nudge...

The Three Musketeers! by MICHAEL COVENEY

Should always be a show of bits of musical art in the foyer and in the programme that will probably be one of the best...

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Television

Last week's column complained that television tends to suck into its maw matters which have always been considered them as frothy light entertainment. Religion was instanced. There is, however, a current series which shows that television's habitual process of popularisation does not necessarily involve a reduction to insignificance in the minds of serious viewers.

Developed at Harvard Law School it involves the arguing and to some extent acting out of a hypothetical case by a number of people who might genuinely be involved in such a scenario, under the leadership and prodding of a "moderator". After Watergate the technique, known as a "Harvard Hypothetical", was adopted by the Ford Foundation to thrash out case studies between lawyers, civil servants and journalists in sessions organised by Fred Friendly. The irony is that Friendly, former colleague of Ed Murrow, ex-head of CBS News, and doyen of American current affairs producers, did not himself think of applying the technique to television. Lapping and Granada (with Friendly's blessing) did, and highly successful it has turned out to be.

The first two programmes, on privacy and on whether journalists would or should break the law in the public interest, proved that because of the purely theoretical nature of the exercise a hypothesis can occasionally be pursued to an absurd end: last weekend for example William Deedes, editor of the Daily Telegraph, declared (in so many words) that he would publish and be damned. The moderator, Paul Foot, former editor of Socialist Worker and now back with Private Eye, was being "uncharacteristically chicken" in deciding he wouldn't. It was, as Foot himself remarked merrily, an inconceivable outcome.

ponding to the convention in the hypothetical where they are asked what their imagined reaction would be in certain imaginary circumstances. The difference between Sunday's hypothetical and the discussion later the same day between Clement Freud, Peregrine Worsthorne and others on the first of a new series of BBC's The Editors was striking. Where real cases such as the Thorne case cause endless pussy-footing about cheque book journalism or the morality of putting witnesses under contract, participants in the hypotheticals are much more inclined to admit openly: "Well, if it's a question of stealing a document or bribing an employee to get this story then I think I'd pay the money—in the public interest of course."

Jameson declared simply "Never, never should a journalist play the role of the copper's work" and although he later spoiled the effect by appearing to contradict himself it is the sort of telling remark which the programmes are full of. They are at their strongest when the hypothesis is strongest and most convincing, and they seem to be handled best by men with legal training and dramatic flair. The session moderated by Paul Sieghart who practised at the London bar for 13 years was certainly the most enthralling of last weekend's, for instance, taking as it did a hypothesis

—has to make do with the first half of Notorious. And by analysing Notorious during four recent weeks they have shown that even that half programme devotes only one third of its items to real regional matters; two thirds are of national and general interest and the report suggest wryly that: "One might be forgiven for thinking that the first half of Notorious as seen in London and the south-east is used as a dumping ground for items which are not thought good enough for the nationally broadcast second half."

Spitalfields Festival

The 250th anniversary of Christ Church, Spitalfields is not only celebrating the revitalisation of Hawksmoor's architectural masterpiece. A grand church surrounded by grime and poverty is never a pleasant sight: Christ Church must have dominated its surroundings as forcibly in 1729 as it does in 1979, but at least in the 18th century its neighbouring buildings were the affluent houses of silk-weavers. Now the area seems almost deserted; but appearances are deceptive. Those prosperous silk-weavers' homes are still there, thanks to the fact that grinding poverty of the 19th century ensured that the buildings were neither demolished nor updated. The whole area is a magnificent dilapidated 18th century village. Christ Church now stands on the borders of a GLC-designated conservation area, which local inhabitants and enthusiasts are doing all they can to restore. The church, now reopened for worship as well as music, symbolises the rebirth of the area.

Richard Hickox is directing the current Festival of English Music, and in addition to concerts by his own groups, he has compiled an attractive, if miscellaneous, set of programmes. On Monday the Wren Consort gave a Handel recital, and made a much more favourable impression on me than the last time I reviewed them here. Antony Ransome's band sounded nicely relaxed; the

compositors of his sea-storm cantata were put across with a firm, full but cool voice. Joined by Helen Ransome and Judith Nelson in a trio, and the Masque from Comus, one could admire the blending of two very different female voices. Helen Ransome is a pretty, unaffected soprano; Judith Nelson showed herself in a different class altogether in a solo cantata. She introduced its empty sentiments skittishly, which made me fear she would send it up, but in the event she savoured every note with a small-scale seriousness which impelled total concentration. The building caught her pure tones superbly; the accompanying group of Timothy Mason (cello) and David Roblou (harpisichord) sounded beefy by comparison, though their sense of ensemble with violinists Nicola Clemenson and Vreni Gould was, like the whole concert, calm and precise. NICHOLAS KENYON

Perhaps in future seasons this promising festival may see its way to giving more prominence, and programme time, to new work also. The two arrangers and three first London performances included in this year's programme are steps in the right direction—but they are regrettably tentative: there's more to English music, and particularly to new English music, than the fustian schms of Finzi, Berkeley, Ireland and Bridge.

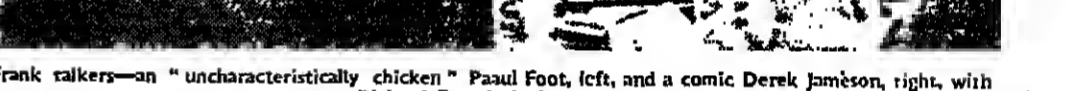
the new work of the Nash Ensemble programme on Monday evening—the same English programme they gave in Bath last month—was Gore for tenor and six instruments by Michael Finnissey (b. 1946). Gore is based on a Japanese "nagauta" — a form of shamisen music, a long song or "dramatic recitation." It is not clear how closely Finnissey wishes us to follow the parallels; perhaps not at all, for though his score retains something of the poised neutrality of shamisen, coolly beckoning, the sharp edges and fierce contrasts are all but smoothed away. It is a smooth, cool, attractive piece, 20 minutes long; the title and the story apart (the text is sung in Japanese), there is no perceptible "Japanese flavour." The manner is precise, detached: the voice alone takes up the late first, a long wide-ranging melisma, seemingly (though many breathe are taken) a single breath; the rest unfolds punctuated, encouraged, soothed, and once entirely dominated by instruments. There are some pretty conversations, and some high, ghostly-thin textures rather beautifully laid out, and skilfully combined, on the one hand for string trio and on the other for flute, harp and clarinet. Not powerfully memorable, but neat, engaging music, securely played. Alastair Thompson was the excellent tenor soloist. DOMINIC GILL

Aideburgh Festival

A few Maltings highlights from the second full week. This year's Publisher's Choice concert fell to the Oxford University Press and covered two groups from The Oxford Book of English Madrigals (Pears conducting the Wilbye Consort), the effective Clarinet and Cello Sonata of Phyllis Tate and the Household Music of Vaughan Williams. These three pretidies on Welsh Hymn Tunes were played on this occasion on flute, clarinet, alto saxophone and cello. They came up more substantial than one remembered. The composer's apparent indifference to instrumental colour seemed at the time a limitation, though one that would not have shocked his Elizabethan forerunners. Now one can admire the contrapuntal skill with which he weaves his fantasies on the strong, stangible melodies.

The treat of the evening was the first performance of Walton's Façade 2, so-called to avoid confusion with the existing Second Suite and subtitled "A further entertainment." Some further unscrambling may be helpful. The new work (eight numbers for speaking voice and instruments) is based on the Façade Revised given by Lina Lalandi at Plasterer's Hall two years ago for Walton's 75th birthday and repeated on South

Bank by the London Sinfonietta. Since then Walton has provided new music for three numbers and "re-worked and re-ordered" the rest. The vein of satirical, poetic fantasy still runs freshly. "Water Party" is as caustic as the old "Valse," which resembles "The March" and the quite new "Madam Mouse trois" are delightful gains. So long as Sir William will hold a pen and Edith Sitwell's poems don't give out, there seems no reason why we shouldn't have Façades 3 and 4. Pears as reciter was softly and sibilantly suggestive—sometimes more free with the rhythm than speakers who aren't singers would care to be. The players, in Tate, Vaughan Williams and Walton, were Richard Adeney, Thea King, Stephen Trayer, Crispian Steele-Perkins, Charles Tunnell and (notably well-served by Walton's percussion parts) James Blades. The centenary of Frank Bridge has been marked by two late-night concerts and a programme shared with his pupil Britten. This produced the first performance of an Allegro moderato for strings which, I understand, may or may not have been intended as part of a projected symphony for string orchestra. However that may be it is a good, stimulating piece, in temper and texture not unlike the Music for Strings of Bliss



Frank talkers—an "uncharacteristically chicken" Paul Foot, left, and a comic Derek Jameson, right, with Richard Francis in between.

Covent Garden

Söderström/Ashkenazy by DAVID MURRAY

Sunday's Celebrity Concert offered Elisabeth Söderström with a score of songs and Vladimir Ashkenazy as her accompanist. They make an attractive partnership, though given the short programme one could not stifle a regret that Ashkenazy contributed nothing solo. The centre of gravitas was placed toward the end, in a group of Rachmaninov songs. Miss Söderström and Ashkenazy have been recording their way through that composer's work, and have found a happy rapport; they make an impressive case for the range and depth of his songs. The piano parts are of course virtuosic as often as out, and Ashkenazy knows

how to make them tell brilliantly without for a moment covering his partner's light soprano. Besides the comfortable melancholy of Rachmaninov's most familiar vein there are other moods which Miss Söderström fixed precisely in colour and phrasing. "Here all is well" was rapidly suspended, and in a last song about floating, enchanted laughter she was no less delicately suggestive than Ashkenazy in the shimmering postlude. This group was preceded by four shapely Chalki sky songs, including a soberly moving "None but the lonely heart."

Earlier Miss Söderström had, it seemed, deliberately chosen her Schumann and Strauss from their stores of faintly precious miniatures—"Der Nussbaum," "Morgen Würmchen," "Schlagende Herzen"—there were none of the infectious, Ashkenazy kept the accompaniment small and sly, and the singer imparted the songs on a barely supported thread of tone. Apart from the rarely heard "Gib mir einen Stern und Regen" of Strauss there were interesting novelties—two in Danish, one in Shelley's English—by Delius; intensely romantic, and betraying some discomfort with the constraining minutes of the song form. Little of all this was matched to the scale of the Royal Opera, but the artists sustained it by sheer force of personality.

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Façade 2 by RONALD CRICHTON

with a drop or two less panache and a pinch more of grey matter. Bridge, among pre-war British composers, had a command of meter second only to Elgar. The short Lament for Stravinsky in the same programme showed the same unflinching ear for sonority. So did the Suite for String Orchestra of 1909-10, though here an almost Teutonic delight in elaboration and thoroughness sounds at odds with the straightforward appeal of the material. There was also the first performance here of an overlooked Britten work, Young Apollo, a fanfare for solo piano, string quartet and string orchestra, was written for the CBC and given once in Canada in 1939, then withdrawn. The combination produces an unlikely mixture of Liszt's Malediction and Elgar's Introduction and Allegro, with the solo quartet banishing the piano to the back of the platform. Britten might well, had he wanted to, have made something of Apollo. As it stands, the short work is a curiosity with bursts of typically bright sound: The sun-god was to be more worthily celebrated in Death in Venice. Stewart conducted the English Chamber Orchestra, whose strings were nobly sonorous. Michael Roll was the pianist in Young Apollo. Peter Pears, in subdued but often eloquent voice, sang the Britten Nocturne.

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FINANCIAL TIMES BRACKEN HOUSE, CANNON STREET, LONDON EC4A 3BY

Capital on the move

THE marked instability of the exchange markets in recent days is not difficult to explain...

However, the fact that difficulties were to be expected does not mean that they can be shrugged aside...

Looking ahead to an era of higher oil prices and enlarged producer surpluses, certain problems can be identified in advance...

The Shadow of Iran

THE SHADOW of the Iranian revolution hangs heavily over the Middle East as the most important current destabilising factor in the volatile region...

Iraq was always apprehensive about the Iranian revolution. The majority of its population are, like most Iranians, Shiite Muslims...

The troubles in Syria where more than 50 army cadets were recently massacred by Moslem extremists reflects the delicate sectarian balance in that country...

So it is not surprising that Iraq and Syria were last week unable to agree on the merging

Britain faces a bad rise in unemployment

BY ANATOLE KALETSKY

UNEMPLOYMENT, which has been on the sidelines as an issue in Britain throughout the tenure of the Labour Government...

Most important, it now looks as if there is much worse to come. As the world braces itself for another energy crisis...

A claim made in Parliament last week that the Treasury was forecasting a 2m unemployment over the next few years was only weakly disputed by Mr. James Prior...

The Black Economy and the social security system together may have made mass unemployment more tolerable than it used to be...

On top of the poor economic prospects a demographic quirk will exacerbate unemployment over the next five years. In addition to the large number of teenagers born in the late 1950s and early 1960s...

MEN AND MATTERS

Lost: that old concordate Barring a late-night peace move, there will be a droll manifestation of union militancy...

You may well wonder why the party's own disgruntled unionists wash their linen so openly. I learn that the National Executive Committee is meeting in the Commons at ten...

Although he is himself a union-sponsored MP, Bradley is angry at the tendency of some NEC colleagues to capitulate. The Transport House employees—a melange of several unions—have been offered a 1 per cent in two stages...

As Mrs. Thatcher wings her way into Tokyo today she may well be glancing quizzically through a large sheaf of papers distributed by the Japanese authorities...

employment, the working population is expected to go on growing by around 200,000 a year until 1985.

Long term unemployment always goes on rising after the turning point of aggregate unemployment. But in the current recession the situation has been worse because almost the whole of the increase in unemployment, at least for men, since 1974 has been due to its increasing duration.

When employers shrink from making their existing workers redundant, young people just joining the labour force naturally suffer most. Since 1974 unemployment has been rising much faster among teenagers than among adults...

Sharp regional differences in unemployment, which are becoming more pronounced all the time, have obviously exacerbated the social costs of unemployment. They have also made unemployment less effective as a moderator of wage claims...

Any aggregate figures of skill shortages give little idea of the damage they can do to an industry or the specialisation of engineering trades, reinforced by restrictive practices...

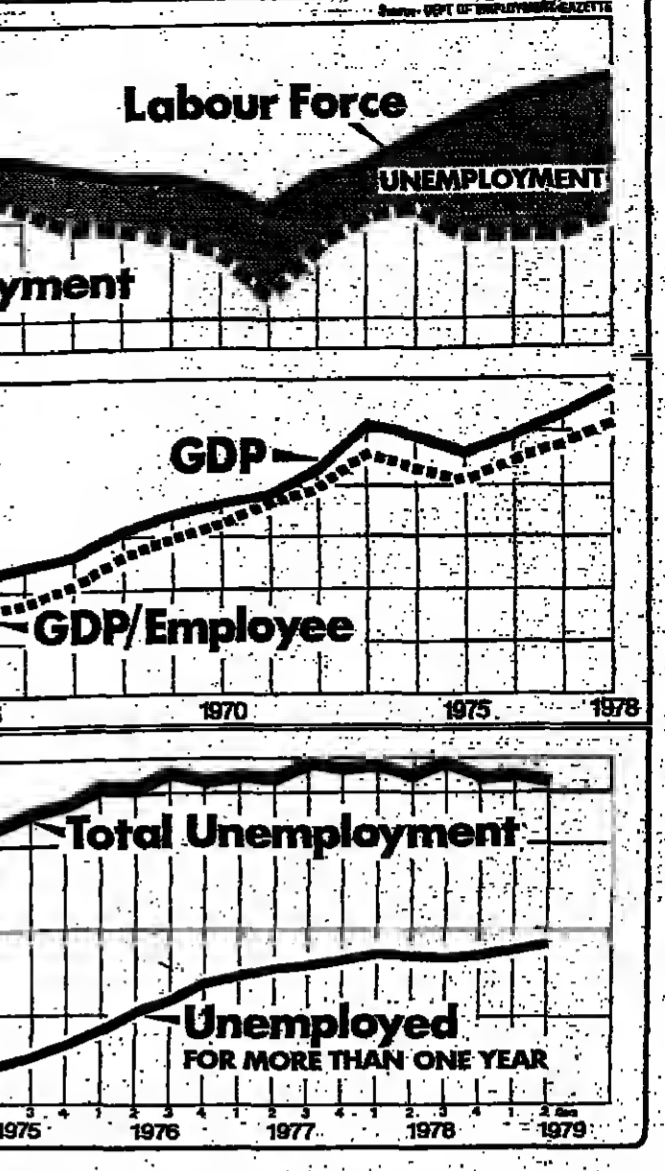
Chartered flights

How long will it be before British chartered accountants bow to the inexorable logic of internationalism and start corporate advertising?

Shouting the news

I have just discovered a solution to the dispute at The Times—not only that my solution will have made the Post Office happy too...

It is perhaps the U.S. example which is luring some firms into a more aggressive approach. I learn that there have been murmurs to the Institute about an advertisement by Joselyne Layton-Bennett...



THESE ARE 185,300 adults without jobs in North West England, the archetypal industrial region. One of them is Ray, a 27-year-old, with a wife and two children aged 3 and 5...

employment and that nine of them had above-average rates of productivity growth. The cause of unemployment is simply that current demand for British goods is far too low to keep the present working population efficiently employed...

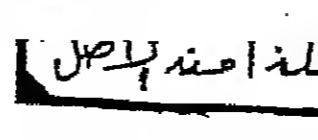
Some economists blame imperfections in the labour market—closed shops, abuses of union power and minimum wage laws—for keeping real wages too high and productivity and output too low...

Extel

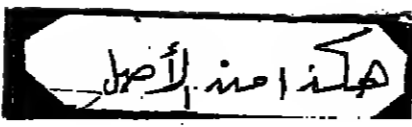
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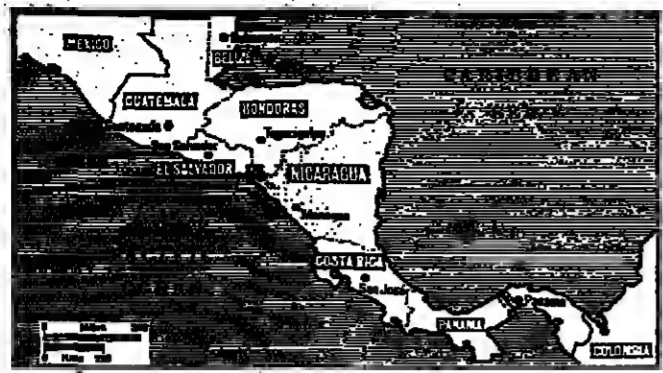




# End of the banana republics

By DAVID BUCHAN and HUGH O'SHAUGHNESSY in Washington

CARTER like almost incoming U.S. President... make a fresh start to... with Latin America...



**NICARAGUA**  
Founded in 1838 upon breaking away from the Central American Federation set up when Spanish rule was extinguished in 1821.

concern that victory for... in bloody slugging match... failing dictator, Presi-... astasio Somoza, might... power on the Central... n mainland an avowedly... pro-Cuban regime...

International Monetary Fund... loan to Nicaragua on impeccable... technical grounds, but for... blatantly political reasons...

## OAS fears

Most Latin American... members of the OAS are pleased... that the U.S. has at last seen... the obvious: that the Nicaraguan... regime had to go...

conservative party leader; a... leading Nicaraguan business-... man; a left of centre intellectual;... and a professor of physics. The... last three were educated in the... U.S.

While Marxism is rather more... common among the ranks of the... Sandinista guerrillas than in... the provisional Government, it... certainly is not the majority... line...

## Changed times

The days are in any case gone... when the U.S. could act alone... in its Caribbean and Central... American backyard...

would take unilateral action to... ensure that the Nicaraguan... Government was to its taste... True, the U.S. Army says it... is drawing up contingency plans... for a 100,000 strong "quick... strike" force...

Yet there are some U.S. officials who argue that however... distasteful the methods... used by the U.S. in the Dominican... Republic in 1965, they had... the merit of preventing that... country going down the Cuban...



Sandinista guerrillas under fire in Managua.

President Carter's dilemma... over Nicaragua is made worse... by the fact that some of his best... Latin American friends—Costa... Rica, Venezuela and Panama—... are actively aiding the Sandi-... nista movement...

President Carter has put the... treaties — which will give... Panama sole control of the canal... by AD 2000—near the very top... of his foreign policy agenda...

## Last ditch

The pro-Somoza lobby in... Congress overlaps in membership... with the opponents of the... Panama Canal treaties...

of that kind could undermine... the goodwill engendered by the... canal treaties in Latin America...

His attempts to prevent... nuclear proliferation and to... improve respect for human... rights have borne heavily on... Latin America...

## Letters to the Editor

### ste of... tricity

Mr. Muir (June 7) con-... be waste of energy when... stations generate elec-... tricity. Some 85 per cent... of the heat could be re-... covered by using for con-... densing and power (CHP)...

urgently and consideration... again should be given to... the attitude of other successful... countries who encourage sound... engineering ideas for their own... intrinsic worth.

### Publicising... bank charges

When negotiating a ser-... vice, such as a taxi-ride, one... ascertains the tariff and then... accepts or rejects the offer...

tain car parks are almost... an invitation to steal and as long... as the organisations and... authorities concerned can... print disclaimers on £7.00 a... day car park tickets, and take... no risk, they will do so.

Assuming the honesty of the... staff at car parks it is blatantly... simple to select and steal at... leisure any car you want...

in lowering oil demand: "the... transport sector, almost entirely... dependent on petroleum as its... fuel, has steadily increased its... share of petroleum consumption...

Somehow the connection has... not often been made between... staff shortages and the unreli-... ability and slowness of buses...

### Short-sighted... institutions

It is there and it is this: bus... drivers say that traffic conges-... tion which causes a bus other-... wise bound to be on time to be... late, now causes, as congestion... has increased under the present... GLC, the public to complain all... day long...

### Free market... economy

Free market economy is at last... free. May 1 offer an example... I park my car during the... working day at the Bloomsbury... NCP car park in the WC1 dis-... trict of London...

### Subsidised... company cars

In conjunction with the... Budget the Government... announced that the allowance... on more expensive company... cars was to be increased...

### Safety in... the air

As an airline pilot I... retired nine years ago and know... nothing of the DC-10, but as a... passenger I will say this:—that... at times I have experienced... unpleasantly abrupt rotations... to climb attitude...

### Religious... broadcasting

Christ Du Zey, gen-... eral secretary of the British... Religious Broadcasting Council... writes to admit that the... spidiness is inevitable given... our broadcasting set-up...

### Free market... economy

Free market economy is at last... free. May 1 offer an example... I park my car during the... working day at the Bloomsbury... NCP car park in the WC1 dis-... trict of London...

## Today's Events

UK: TUC general council... discusses campaign against... Government's economic policy... Labour Party to discuss... election of Shadow Cabinet...

## GENERAL

Society of Motor Manu-... facturers and Traders reveals plans... for reducing petrol consumption... of new cars... British Gas Corporation meets... unions for pay talks...

## PARLIAMENTARY BUSINESS

House of Commons: Finance... Bill second reading, Motions or... Pool Conventions Act 1977... (Continuance) Order and Social... Security Revision of Earnings... Factors Order... House of Lords: Short debate... on service sectors of British... industry, Short debate on propo-... sition of prisoners to maintain law... and order, Company Results and Meetings... Page 27

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Companies and Markets

UK COMPANY NEWS

BATS earnings up 8% after first six months

DESPITE the effect of a strong pound on the sterling translation of overseas profits, BAT Industries reports an 11 per cent rise in pre-tax profit from £210m in £234m in the six months ended March 31, 1979.

Group results in sterling terms will continue to be affected by movements in exchange rates but subject to this, the directors say net attributable profit for the 12 months to September, 1979 should show a sustained improvement.

A second interim dividend of 6p (5p) is being declared, making 10.54p against 9.4p so far in the current 15-month period to December 31.

The directors are to pay a third interim dividend of 6p on the same date of profits for the three months to December 31, 1979.

Deferred ordinary holders as well as the ordinary holders will be entitled to the special interim dividend which will be payable on the same date of profits for the three months to December 31, 1979.

Tobacco results showed a 1 per cent gain but, had it not been for exchange translation factors, results would have improved by 9 per cent.

HIGHLIGHTS

Lex considers the full-year figures for BAT Industries where profits are up but the rise in sterling has been a major constraint on the growth figure.

and of Pegulan-Werke A.G. in Germany, together with increased borrowing by International Stores. Pegulan became a subsidiary of the group in October, 1978.

Table with 2 columns: Six months 1979, Six months 1978. Rows include Turnover, Tobacco, Retail, Paper, Consumer, Other activities, Trading profit, Invest income, Operating profit, Retained, Paper, Tobacco, Other activities, Interest paid, Profit before tax, Tax, Net profit, Minority, Attributable.

Group cigarette sales volume again increased over the same period last year and sales are expected to increase in the second six months.

In retail, sales of both Saks and Gimbel's in the U.S. benefited from a successful Christmas and the opening of new stores.

UBM rights to maintain prudent gearing ratio

A rights issue to raise about £5.4m, on the basis of one-for-five is proposed by the UBM Group, the UK's largest independent builders merchant.

The issue has been underwritten by Samuel Montague and brokers are Cazenove.

The directors confirm that results for the opening months of the current year are encouraging with profits and sales well ahead of the corresponding period of the previous year.

Arrangements have been completed for the placing of 1,225,000 ordinary 10p shares, representing 35 per cent of the total equity of Fairline Boats.

The shares are being placed at 80p each, capitalising the company at £2.8m.

Based on the expected tax charge, earnings per share amount to 13.9p.

ISSUE NEWS

UBM rights to maintain prudent gearing ratio

They explain that the greater part of the company's requirement for capital relates to working capital needs caused by increases in volume and rising prices.

However, they now want to increase shareholders' funds in order to maintain a "prudent" gearing ratio.

Acceptances should be received by July 20.

Fairline price pitched at 80p

Arrangements have been completed for the placing of 1,225,000 ordinary 10p shares, representing 35 per cent of the total equity of Fairline Boats.

The shares are being placed at 80p each, capitalising the company at £2.8m.

Based on the expected tax charge, earnings per share amount to 13.9p.

FNFC turns in £3.67m midway

AFTER CHARGING interest on income deferred and subordinated loans amounting to £9.65m, First National Finance Corporation turned in profits before tax of £3.67m for the six months to April 30, 1979.

The result includes the profit of the consumer credit division of £1.51m (£9.51m for year).

During the half year, the group has suffered from high interest rates which bear heavily upon the lending and property division because of the shortfall between its earning assets and total borrowings.

The cash generated has enabled the company to reduce its liabilities by £12.7m, after allowing for the further interest accrued in the six months.

The effect of the six months' profit is to reduce net deficiency for shareholders to £54.31m.

Competitive pricing and the cold winter has worked wonders for Greenfield and interim profits are up some 34 per cent.

Greenfields Leisure up mid-way

FOR THE six months ended April 30, 1979, turnover of Greenfields Leisure showed an increase from £9.08m to £7.29m and pre-tax profits are £438,000 against £26,000.

The directors say turnover in retail and wholesale divisions continues to be very satisfactory and they are optimistic about the year's result.

The first half tax charge is £225,000 (£169,000 giving earnings per share of 1.54p against 1.47p).

Competitive pricing and the cold winter has worked wonders for Greenfield and interim profits are up some 34 per cent.

Evans of Leeds advances

NET taxable revenue of Evans of Leeds advanced from £1.5m in 1978 to £1.85m in the year to March 1979.

Table titled 'DIVIDENDS ANNOUNCED' with columns: Company Name, Current payment, Date of payment, Core dividend, Total dividend, Total last year.

Dividends shown pence per share net except where otherwise stated. \* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Making 10.84p (9.4p) so far for 15 months to December 31. \$ Gross payment.

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Julian Gibbs Financial Services - the Advisers to the Advisers - are holding a series of seminars for accountants, stockbrokers, solicitors and insurance brokers.

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Form for requesting seminar details, including fields for Name, Firm, Address, and a checkbox for 'SEM/LFT'.



Allied Irish Banks Limited

Principal Operating Companies: Allied Irish Banks Limited, Allied Irish Finance Company Limited, Allied Irish Investment Bank Limited, Allied Irish Banks (I.O.M.) Limited, Allied Irish Leasing Limited, Allied Combined Trust Limited.

The Annual General Meeting of Allied Irish Banks Limited will be held at Group Headquarters, Bankcentre, Ballsbridge, Dublin 4 on Tuesday, 3rd July, 1979 at 12 o'clock noon.

Extracts from Statement by Niall Crowley, Chairman of the Board.

Results

In the year ended 31st March, 1979, the Profit before Taxation of the AIB Group amounted to almost IR£41 million, an improvement of 19 per cent over the previous year's figure of IR£34.5 million.

The major portion of the Group's profit is naturally contributed by the Parent Bank. It is, however, pleasing for me to record that, again this year, the subsidiaries contributed one-third of the total profit before tax.

The Board has decided to recommend a scrip issue of one 25p share for every two held. This will be done by a transfer from reserves and the necessary resolution will be put before the shareholders at the Annual General Meeting.

The Board has also decided to recommend an offer of shares to the employees and pensioners of the Group and proposals to this effect will be submitted for consideration at the Annual General Meeting.

The recommended final dividend is 20 per cent which, together with the interim of 14 per cent will give a total of 34 per cent for the year.

The ability of the banking system to finance the growth of the economy depends crucially on the availability of funds, at a reasonable cost.



Mr. Niall Crowley, Chairman

The result has been a rise in money market rates and a general tightening of credit. The tight liquidity position currently being experienced by the banking system arises in part from the strong demand for credit in 1978.

This competition for resources raises the issue of the appropriateness of the current 43 per cent liquidity requirement in the case of the Associated Banks.

Towards the end of the Bank's financial year the European Monetary System was established with Ireland as a founder member.

which aims at exchange rate stability, lower inflation and the convergence of economic policies within the EEC.

The Group has coped well with the changes in practice and operations required by EMS entry. It remains to be seen whether the economy as a whole can quickly and smoothly adjust to the disciplines necessary for successful membership of the EMS.

If domestic costs rise faster than in the rest of the member countries of the system, then Irish producers, both exporters and those competing with imports, will face increased competition.

The Group has every confidence in the future prospects for the Irish economy. The potential for growth, exhibited over the past three years, remains. The problems posed by EMS are not insuperable; if resolved, the prospects for inflation and interest rates remain very favourable.

The development of harmonious industrial relations in AIB is a key objective of Management. In this connection, an important step forward during the past year was the completion of a comprehensive Attitude Survey.

The new Group Headquarters is now in the final stages of completion at Bankcentre in Ballsbridge and staff from the bank and subsidiaries are moving in on a planned phased basis.

FEATURES OF THE CONSOLIDATED ACCOUNTS

Table with 2 columns: Year ended 31st March, 1979, 1978. Rows include Issued Capital, Share Premium and Reserves, Long Term Debt, Capital Employed, Total Assets, Current, Deposit and Other Accounts, Advances to Customers and Other Accounts, Less Provisions, Group Profit before Tax and Special Provision, Profit attributable to Shareholders, Earnings per 25p share Basic Fully Diluted.

Copies of Report and Accounts and Chairman's Statement are obtainable on application to: The Secretary, Allied Irish Banks Limited, P.O. Box 452, Bankcentre, Ballsbridge, Dublin 4.

Handwritten signature or mark at the bottom of the page.

UK COMPANY NEWS

Good second half lifts LCP to record £6.1m

Second-half profits rising from £2.11m to £2.51m. The net final dividend for LCP Holdings finished at £2.51m, with a record taxable surplus of £4.22m, compared with £3.22m in 1978. Profits were £2.51m (£2.11m), but directors then said that, at the current background industrial and economic uncertainty, it would be difficult to see profitability in the half.

For the year total £3.03m, £2.74m. The net final dividend of 3.2p per 25p share lifts £1.47p (£1.79p). A one-off scrip issue is also issued.

There is an extraordinary surplus of £17,000, which is a surplus after tax on LCP's non-core activities and associated properties. Terminal costs on disused operations after tax £509,000; and surplus on disposal of debenture stock £1,000.

At the year-end, investment properties totalled £29.58m.

1978-79	1977-78
Turnover	1,000
Construction	1,000
Engineering	1,000
Metals	1,000
Property	1,000
Vehicle distrib.	1,000
Overseas	1,000
Non-core	1,000
Trading profit	1,000
Construction	1,000
Distribution	1,000
Engineering	1,000
Metals	1,000
Property	1,000
Vehicle distrib.	1,000
Overseas	1,000
Non-core	1,000
Develop. desig.	1,000
Profit before tax	1,000
Tax	1,000
Net profit	1,000
To minorities	1,000
Reserves	1,000
From operations	1,000
Retained	1,000

Net asset value is given as 142p, compared with 110p. The trading estates at Pennington, Stourbridge and Willenhall were valued at March 31, 1979, at open market value on an existing use basis at £29.58m. This represents a surplus of £4.08m over book value.

First-time contributions from acquisitions and higher prices were factors behind LCP's 51 per cent sales jump through the major feature was an almost across the board volume growth. The only sector which struck trouble was engineering, and the loss maker—the car seat trimming activities—has already been shut down. Property and vehicle distribution were again significant earners and with Ford taking an increasing share of its car sales (50 per cent in 1978-79 and around 60 per cent in the current year) it should be reasonably well insulated from any market contraction during the next 12 to 18 months. The shares jumped 5p to 118p giving an historic p/e of 8.3 and a yield of 6.8 per cent. The group has above average growth prospects, low borrowings (£11.5m) relative to shareholders' funds (£45m) and strong management. It is worth watching.

Little change at Trident TV

Due to an increased contribution from activities outside television, Trident Television was able to hold pre-tax profits at around £4.8m in the six months to March 31, 1979. The directors anticipate a modest improvement in group full year results.

On the half-year results the directors explain that the long period of buoyancy in television advertising continued until January, 1979, and as a result the company achieved its revenue target for the first four months despite a strike at Yorkshire Television over Christmas.

However, the remaining months were severely affected by the lorry drivers' strike and the bad weather, which combined to disrupt the distribution of goods; in these circumstances, manufacturers and retailers naturally postponed their advertising. In common with the rest of the industry the company has yet to make up the revenue lost at that time.

Fortunately the downturn in television profits has been offset by an improvement in the returns from the company's other activities, they add.

The pre-tax profit was struck on turnover of £36.44m (£35.98m). It was after a £6.81m provision for Exchange and included other activity profits of £72,000 (£599,000).

Earnings per 10p share are shown at 4.1138p (no comparison) and the interim dividend is raised from 0.932p to 1.055p net. This is an increase of 17.5 per cent, the directors say that it is their intention to return at the year-end to the policy that dividends should be twice covered. The total payment for 1st year was 3.159p from profits of £9.02m.

**BOARD MEETINGS**

**TODAY**

Interim: Stantell, Paragon, Caldonian Holdings, Hordys and Hansons, M and G Dual Trust.

Final: Sgani Allen, Balfour, SPA Industries, Balfour of York, Brickehouse, Dudley, British Tar Products, Celsco (Holdings), Chubb, Overseas International, B. Elliott, Graham House Estate, Hacking Penecost, MK Electric, Powell Duffryn, Transwood.

**FUTURE DATES**

Interim: Macdonald Martin Distillers July 30, Sobahy Parke Rainet July 3, Sison Basement July 18.

Final: Booth (John) June 28, Carless Capital July 1, Henderson-Kenton July 3, James (Maxwell) June 28, Joseph (Laopold) June 28, Lennons July 12, Regalian Properties July 6.

Miltspur profit expands 40% and borrowings cut £3.1m

THE HALF bad weather and financial unrest this winter, industrial services expanded pre-tax profits per cent from £2.31m to a £4.52m for the year ended 31. 1979, with £2.5m (£2.16m) coming in the half. Full-year turnover is £11.41m to £24.81m.

Mr. Maxwell Joseph, chairman, said he expected for the second six months or better those than ed.

Yearly earnings per 10p well ahead at 16.25p, the directors intend to the dividend total by 20 per cent 3.5p (2.9p) net. The reduction of dividend controls the end of July precludes declaration of the approval at the AGM, and they are intended to recommend a second interim dividend in lieu of a final dividend of £3.1m in group which produced a further 10p increase in its financial gear. The group has arranged acquisition of loans repayable within two years, which seen reduced by £5.5m.

Divisional breakdown of pre-tax profits before tax £5.37m (£4.14m), shows £500s omitted; exp £1,542, £2,513 (£1), motor £40,577 (£34,104), £1,314 (£1,220), Bullens £20,870 (£19,780) and £1,480, engineering £4,963 (£) and £897 (£166). Turnover £139,000 in property has excluded from comparatives.

Interest and tax charges reduced, at £350,000 (£300,000) and £1.5m (£1.5m) respectively. After an extraordinary credit of £294,000 (£200,000) debit and minorities, stable profits jumped some £3.32m.

Paratives have been ed to reflect changes in pricing policy for deferred depreciation.

recovery the rate of profit growth at Maxwell Joseph's other company, Miltspur, is expected to slow a little in 1979-80. The motor distribution activities—centred around BL cars and trucks although there is a foreign element in the North—could feel the cold winds of hard sales competition in the coming months. But, on the other hand, the freight side is expected to completely recover lost ground and further growth will come from the three components of the Expo division. And the recovery in the engineering activities—particularly the engineering design—is likely to continue. The shares rose 3p to 86p yesterday giving an historic p/e of 5.2 and a yield of 6.8 per cent. Perhaps a 3p rise in the Grand Met class but interesting, nonetheless.

Stanley Gibbons International, now part of the Leiras International group.

Turnover was up from £11.91m to £16.2m and pre-tax profits were £2.15m compared with £1.56m in the previous year.

Avana profit tops £3.5m: paying more

FOLLOWING the 83 per cent rise to £4.1m in the first six months, Avana Group, a major cake supplier to Marks and Spencer, finished the year to March 31, 1979, with pre-tax profits of £3.52m against £2.34m in the previous year.

The directors say that current trading is good and more than matches the excellent start of last year.

Turnover improved from £29.8m to £33.4m. Tax takes £1.23m (£1.2m) giving earnings per share of 10.88p against 5.52p. The final dividend is 2.35p lifting the total from 1.0979p to 3.5p.

Avana continues to reap the reward of heavy capital spending, totalling around £2m last year. Investment has been concentrated on improving margins, which has been achieved, but the group is now in a position to expand production significantly. Two factories will be opened in the next fortnight and plenty of new products are in the pipeline. A major strength continues to be Avana's ability to buck market trends, relying greatly on its relations with Marks and Spencer, which takes about 30 per cent of production. The group emerged strongly from upheavals in the cake market a few years ago and last year more than doubled jam sales while overall consumption fell. It is pressing on with a gradual move up-market at the same time as increasing its own-label business. No acquisitions are planned despite a positive cash balance, but organic growth potential alone is enough to justify the stated n/e of slightly over nine. At 102p the shares yield 5 per cent and the dividend is well covered.

By achieving a near £179,000 advance in second half taxable earnings Halma, as forecast in January, lifted total profit for the year to March 31, 1979, from £343,596 to a record £1.15m. A more than doubled net dividend on enlarged capital, is also planned.

Sales by the group, which makes safety and environmental control products, were ahead £1m to £10.85m.

When reporting a surplus up from £510,273 to £408,661 at half-time, Mr. David Barber, the chairman, said the group could look forward to a long period of substantial growth and increasing profits.

After tax of £445,209 (£278,746) for the year earnings per 10p share are stated 0.87p higher at 6.47p. A net final dividend of 0.8313p effectively raises the total by 106 per cent from 0.666p to 1.846p. Ordinary payments cost £142,773 (£87,783) and are covered more than four times.

In addition to a one-for-three scrip issue is proposed and the authorised capital is to be increased from £2.34m to £2.7m.

Helene of London set for record

SHAREHOLDERS in Helene of London were told at the AGM by Mr. Montague Burkenian, chairman, that the company is heading for another year of record profits for the 19th in succession.

However shareholders at the annual meeting were unable to vote on a proposal to double the dividend payout for the year ended last December even though the payment falls after July 31 when dividend restraint is due to be lifted.

Instead a further meeting will be called for early in August when the final payment can legally be lifted to 1.0061p per share raising the total from 0.6707p to 1.3414p and giving a yield of 6.8 per cent at 29p.

On the company's figures this would drop the dividend cover from 6.7 to a still substantial 3.7 times based on pre-tax profits close to £1m.

Equity Consort up to £0.31m

After tax of £170,250, compared with £153,405, the net revenue of Equity Consort Investment rose from £281,253 to £311,112 in the year to April 30, 1979. Gross earnings per £1 share were shown to be up from 10.56p to 11.15p.

A final gross dividend of 7.75p per £1 share takes the total from 10.25p to 10.75p. The directors propose that any reduction in tax credit following the Budget changes will be matched by a corresponding increase in net dividends.

Halma over £1m—doubles dividend and plans scrip

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Today's company meetings

British Home Stores, 129-137 Marylebone Road, NW, 11.30. Chesterfield Properties, 1 Avery Row, W. 11. De Vere, Connaught Rooms, WC, 12. Ecclesiastical Insurance Beaufort House, Brunelwick Road, Gloucester, 1.46. Lee Cooper, The Inn on the Park Hotel, W. 12. Lilleshall, St. George's, Telford, Salop, 12. Atlantic Investment Trust 91 Waterloo Road, SE, 12. Tootal, 56 Oxford Street, Manchester, 3. Trust Union, Winchester House 77 London Wall, EC, 2.30.

comment

Profits continue to surge ahead at Halma with the pre-tax figure up around 40 per cent in the second half, but only at the expense of sales growth. This is part and parcel of the group's emphasis on improving cash-flow through its most profitable products, primarily health and safety equipment. The return on working capital has consequently risen to over 30 per cent from around 22 per cent this time last year. Taking this together with lower gearing the growth prospects look rosy and, at 62p, the shares reflect this with a stated p/e of 9.5. Overseas markets should provide some of the impetus as the group has recently established subsidiaries in France and the Netherlands. Moreover, the relaxation of exchange requirements on foreign investment has provided added incentive to buy abroad. The process may be a slow one, however, as exports last year showed no real growth. The doubling of gross dividends brings the yield up to 3.2 per cent.

**UBM Group Limited**

\* Considerable further progress reported for year ended February, 1979.

\* Sales increase 28% to £247m.

\* Pre-tax profits rise 67% to £6.0m.

\* Total dividend of 4.73p — up 10%.

Results for opening months of current year encouraging — sales and profits well ahead of corresponding period of previous year — Board optimistic about results for the year as a whole.

Michael Phillips, Chairman.

For a copy of the full Report write to The Secretary, UBM Group Limited, Avon Works, Winterstoke Road, Bristol, BS59 7PL.

Builders Merchants: Motor Dealers: Glass Merchants: Scaffolding Contractors: Overseas Merchants.

**Property Holding & Investment Trust Limited**

HIGHLIGHTS FROM THE STATEMENT OF THE CHAIRMAN, MR. ARTHUR JOHN, CBE., FCA.

Year to 31st March, 1979

- Revenue before taxation £2.24 million, surpassing last year's record by £239,000.
- Earnings per share 9.31p (1978 8.00p).
- Dividend 7.50p per share, equivalent with tax credit to 10.90p.
- Total Reserves increased by 10.60p per share.
- Directors' Valuation of properties £64.5 million, £26.6 million above book value.
- Quoted investments, cash and short term deposits £4.0 million.
- 40% increase expected in net income for shareholders by 1982.
- 2 for 1 capitalisation issue.

Annual General Meeting Monday, 23rd July, 1979

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**TOOTAL**

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Tootal is much more than a leading brand name. The Group controls over 150 manufacturing units involved in all aspects of textiles from spinning in Lancashire to retailing in New York.

Famous in the UK for such products as Sytko and Star sewing threads, Osman sheets and towels, Tootal fabrics and menswear, Slimma separates and Van Allan shops, the Tootal Group operates in five continents and is still expanding. Recent acquisitions are Ups 'n Downs — a chain of fashion shops in America; and Bradmill — now the largest textile company in Australia.

results for the year ended 31st January 1979	1979	1978
sales	£401.4m	£361.2m
profit before taxation	£21.1m	£21.8m
earnings on ordinary share capital	£13.4m	£14.3m
earnings per ordinary share	7.6p	8.1p
dividends per ordinary share	3.0415p	2.7238p

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**BLOCKLEYS LIMITED**

(Facing Brick Manufacturers)

Improvement in trade anticipated following continuing modernisation programme

The Annual General Meeting of Blockleys Limited was held on 25th June, 1979, at Wellington, Salop. The following is the circulated review of the Chairman and Managing Director, Mr. T. J. B. Wright, B.Sc.(Eng.), C.Eng., M.I.C.E., M.I.W.E.S.—

The profits for 1978 reflect the difficult trading conditions experienced by the building industry. There was a substantial increase in the number of bricks sold; many into a section of the market outside that which has been traditional to us.

Your Company's policy of automation, to which I referred in my last Annual Review, has been implemented during the past year.

We are presently commissioning equipment for automatic unloading, sorting and packaging of facing bricks. This machinery will improve the quality and presentation of our delivered products and will eliminate the last of the arduous heavy work in the brickmaking processes.

To preserve our liquidity, your Board has decided to finance the major part of the cost of this further modernisation by way of medium term leasing.

To ensure continuity of management, Mr. Stephen Powell and Mr. Brian Taylor have been appointed to the Board and Mr. John Shepherd a Special Director of the Company.

The forecast for 1979 is not easy; the first half will be adversely affected by the severe weather experienced at the beginning of the year, but there are indications that an improvement in trade should materialise.

Companies and Markets

UK COMPANY NEWS

ANNOUNCEMENT

'Verification of car leasing confirmed by the budget'

- \* Tighter money controls with rise in MLR increases the cost of purchasing cars.
- \* Legislation now confirms that car leasing is an established and acceptable way of obtaining company cars.
- \* Leasing is now a major growth service industry.
- \* Car leasing can inject fresh capital into your company.
- \* Still 100% tax relief on rentals for cars valued up to £8,000.

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A member of the C.E. Hoath Group

BIDS AND DEALS

Hanson pays £2.5m for CMT stake

Central Manufacturing and Trading Group, the Midlands engineering concern, yesterday revealed that talks which might have led to a merger with an unnamed group had broken down.

But Hanson Trust, the agricultural and industrial services group, has stepped in and bought an 11.4 per cent shareholding in CMT from family interests associated with Mr. N. N. Hickman, the group chairman who is now retiring.

Hanson paid 85p per share for its stake in a deal worth £2.56m. Hanson, which was not involved in the talks, said yesterday that its stake was considered to be "a long term investment".

Two Hanson men, Mr. A. C. L. Alexander and Mr. R. D. Cowell, are joining the CMT Board, while Mr. N. A. Hickman has been appointed chairman and chief executive.

**RACAL BUYS**  
Racal Electronics has increased its holding in Advest Group, the

engineering concern, to 11.29 per cent (1.11m shares).

Racal said yesterday: "We are fairly liquid, and the deal is part of our normal investment programme."

BOUVIERIE PROP. BUYS CALIFORNIA REAL ESTATE TRUST

Bouverie Properties, the wholly-owned U.S. property investment arm of the National Coal Board pension funds, has succeeded in its U.S.\$144m (£87.3m) bid for Continental Illinois Properties, the California real estate investment trust.

This marks the first major property purchase in the U.S. by the NCB pension funds, which has been investigating the market for about 12 months.

The offer of \$30 a share was accepted by stockholders controlling an 85 per cent interest in the trust which includes the Watergate office and hotel complex in its portfolio.

Earlier this year Brabant NV, a Netherlands corporation, made a \$25-a-share bid for the investment trust. Both offers were unopposed by trustees of Continental Illinois.

The NCB pension funds will now decide the best method of managing the trust's property folio, of which around a third is residential properties including a number of apartments in Texas.

STREETERS

Shareholders of Streeters of Godalming, the public works contractor, have approved a co-operation and subscription agreement which the group has entered into with Costain, the unitary international contractor.

Costain owns 1.67m in Streeters representing 22.5 per cent of the capital.

Mr. E. A. Streeter has retired as a director and chairman of the group. Nicholas Streeter is to become executive chairman. Mr. Alan R. Gibson is to be managing director, while Mr. J. Reeve, managing director of Costain UK has been appointed to the Board.

DOLOSWELLA

Doloswella Holdings is in talks which may lead to a major acquisition and the placing of 1.2m ordinary shares of the company.

MINING NEWS

S. Africa short of engineers

BY PAUL CHEESERIGHT

A SHARP economic upturn, leading to stronger demand for minerals, could create a serious situation for the South African industry because of a shortage of engineers mining executives said yesterday.

They were commenting on the latest monthly bulletin from the Chamber of Mines which quoted the South African Federation of Societies of Professional Engineers as saying that less than half the demand for engineers was being met.

The Federation had said that South African graduates met only 15 per cent of the mining and metallurgical industry's demands, while immigrants made up 30 per cent.

Although there was a rough equilibrium between the supply and demand for mining engineers, the executives noted, there had been a shortage of electrical and electronic engineers for some years and there were three metallurgical engineering posts for every one graduate applicant.

To some extent this reflects a general problem in the international mining industry, but the South African situation has been exacerbated by the devaluation of the rand, which makes salaries less attractive than formerly, and by the retention of national military service demands.

The shortage is likely to become more acute as the base metals and the coal industries expand. They are more mechanised than the gold industry which is based on a large but mainly unskilled or semi-skilled labour force.

At the same time the mining industry has to compete with the expansion of SASOL, the state coal-to-oil conversion agency, ESCOM, the state power utility, and manufacturing industry for the limited supply of engineers.

WESTFIELD MINS. SEEKS URANIUM

Canada's Westfield Minerals, a member of the Northgate group

Since talks are at an advanced stage Doloswella has requested that the Stock Exchange defer a resumption of the granting of permission to deal under rule 163 (2).

The group announced that Mr. F. Sheridan and Mr. E. Vandyk have resigned from the Board.

of companies, has staked further claims in Newfoundland, in the Deer Lake Basin area, following the discovery last October of high-grade uranium-mineralised "float" material and subsequent bedrock samples during trenching near Wigwam Creek.

In the 1978 annual report the company says that the Newfoundland property interests were extended from around 333,000 acres to around 356,000 acres at May 31.

The location of two radio-metrically anomalous areas by ground prospecting has prompted a detailed airborne radiometric survey of the area, which is scheduled to get under way this month.

Westfield owns 13.6 per cent of Northgate Exploration, has a 9.8 per cent direct interest in Vestigro Mines and a 22.5 per cent direct interest in Whim Creek Consolidated.

URANIUM POLICY CHANGE FOR S. AUSTRALIA

Mr. David Tonkin, the Opposition leader in South Australia, has promised two leading West German mining companies, Rheinische Braunkohlewerte and Uranerzbergbau, that his state will drop its uranium mining ban if the Liberal Party is returned to power at the next State elections, writes Roger Boyes from Bonn.

West Germany has been increasingly concerned about guaranteeing its uranium imports, and Mr. Tonkin's visit appears to have opened up the possibility of a further source of supply. The present State Government, controlled by the Labor Party, has a ban on uranium mining.

During talks last week in Bonn and Cologne, Mr. Tonkin is understood to have reassured the companies that policy would be changed if the Liberals win power in elections expected next year.

To the Board comes Mr. J. Forsyth.

HERON MOTOR

Heron Motor Group, which last week announced that it was in talks which could lead to a merger, yesterday said the discussions had been terminated. The share listing has been restored.

Exporting change by Whitbread

THERE HAS been a major change in the exporting approach to the U.S. by Whitbread and Co. The brewer has closed down its own import company, Bedford Importers, and handed the activity over to All Brand, a subsidiary of Standard Brands.

All Brand will act as agents for Whitbread Ale and Mackeson Stout and for repackaging of the group's products.

In his annual report, Mr. Charles Tidbury, Whitbread's chairman, says he is confident the agents, who already carry a prestige range of imported beers from other countries, will do "a very good job".

He says that on the licensing front, Mackeson is making excellent progress through production under licence at Heleneken's National Brewing Company in Trinidad and their Windward and Leeward Breweries in St. Lucia. The Jamaican trade is also improving despite a difficult economic period there.

A new Mackeson licensing operation has also been started up with Malaysian Breweries in Singapore and arrangements have been completed for it to be brewed in Nigeria. This latter operation is expected to get under way in the current year.

Overall, Mr. Tidbury says he is confident and optimistic for the future of the group. As reported May 28, taxable profit for the year to March 31, 1979, was ahead next to £4.35m on sales of £80m, against £3.73m. The company also plans to invest £230m over the next three years on public houses, catering and production facilities.

The net dividend is raised to 4.5p (3.9782p).

On a current cost basis along the Hyde Guidelines profit is cut to £2.5m (£31.7m) by £10.6m (£38.8m) extra production (£8.2m (£5.8m) additional cost of sales less a gearing adjustment of £3.3m (£3.4m).

At year end bank overdrafts were down from £5.29m to £2.25m but loan capital was up from £180.19m to £180.03m. Net liquidity was £6.75m higher (down £846,000).

Meeting at Brewery, Chiswell Street, EC, on July 24 at noon.

Country and New Town qualification

By Andrew Taylor  
Auditors, Peat Marwick Mitchell have qualified the latest accounts of Country and New Town Properties, the property investment and retail group.

Peat Marwick say in the annual report that it is "unable to form an opinion as to whether the consolidated profit and loss account gives a true and fair view of the results of the group for the year to January 31, 1979."

The auditors are concerned that a £17,719 loss attributable to the group's Civil Service Store, in London, has been included as redevelopment costs.

Consequently group results before taxation and extraordinary items excluded any amount relating to the activities of that store, says Peat Marwick.

Country and New Town's accounts shows pre-tax profits of £460,504 compared with the previous year's £485,245.

Mr. Gerald New, chairman, says in his annual report: "During the year the disruption

Knox Fibres should make a good contribution this year. The factory in Ireland was also doing well.

In connection with Knox, he had just returned from Japan where an agreement had been signed to build, at Kilburnie, Toyo net machines under licence. The rights to manufacture and sell throughout Europe had been negotiated.

He said that including the £600,000 net total cost of redevelopment amounted to £2.4m at the year end but the Board was satisfied, after consultation with its professional advisors that market value of the property "substantially exceeds the current book value of £3.75m."

Auditors also qualified the accounts on a second count. It says: "No estimate has been made for the amount of tax on capital and development gains which would become payable under present legislation in the event of future sales of the UK properties at the amounts at which they are stated in the accounts."

Bond Street Fabrics in loss

FIRST-HALF performance was worse than anticipated at Bond Street Fabrics with a fall from a £248,000 pre-tax profit to a £38,000 loss for the period to March 31, 1979. The interim dividend is being passed and the company does not envisage any significant improvement in results for the second six months.

Conditions in the jersey division continue to be difficult. Also the knitwear organisation in Scotland has performed disappointingly for, while it has a full order book, profits have been eroded through increasing costs and some loss-making operations.

However, the directors are confident that once the steps now being taken have had time to take effect the company will return to satisfactory profitability.

Last year an upsurge in demand in the jersey side enabled the group to hold profit at a record £461,224 (£441,231).

The net dividend is raised to 0.75p. The Board announces that the payment of a final for 1978/79 will depend on the results.

Sales by the group, whose main activities are the manufacture and distribution of knitwear, fashion fabrics and knitted outerwear, were lower at £4.16m (£4.39m) for the half-year.

Country and New Town qualification

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Consequently group results before taxation and extraordinary items excluded any amount relating to the activities of that store, says Peat Marwick.

Country and New Town's accounts shows pre-tax profits of £460,504 compared with the previous year's £485,245.

Mr. Gerald New, chairman, says in his annual report: "During the year the disruption

caused by the reorganisation and rebuilding within the Civil Service Store to the Strand has had, as anticipated, a severe effect on the trading activities.

Your directors had no alternative but to keep trading throughout and since it has not proved possible to quantify the effect of this upheaval some £500,000 has been added to the cost of the store redevelopment."

He said that including the £600,000 net total cost of redevelopment amounted to £2.4m at the year end but the Board was satisfied, after consultation with its professional advisors that market value of the property "substantially exceeds the current book value of £3.75m."

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Property Holding expansion

Gross revenue of Property Holding and Investment Trust rose from £2.83m to £3.12m in the year to March 31, 1979, and pre-tax revenue was up from £2m to £2.24m.

Earnings per 25p share are 9.31p (8p) and the dividend is raised from 6.88p to 7.5p with a final of 4.5p net. A two-for-one scrip is also proposed.

Tax took £1.11m against £1.08m. The net asset value increased by 25 per cent in 1978.

The directors state that at present rental levels, the current forecast shows that by 1982 the net income from properties should reach £4.3m.

The exceptional repairs expenditure, referred to last year, has been delayed.

In these circumstances the directors expect to be able to recommend the steady increase of dividends.

Caledonian Cinemas

For the year to March 31, 1979 pre-tax profits of Caledonian Associated Cinemas improved from £468,000 to £737,000, on turnover of £7.17m against £6.35m.

The net final dividend is 5p for a 6p (3.623p) total on stated earnings per 25p share of 111p compared with 60.5p.

After tax of £286,000 (£219,000) and extraordinary credits of £170,000 (£99,000), the attributable balance advanced from £308,000 to £821,000.

The directors propose that £400,000 of the authorised and unissued ordinary share capital of the company be re-classified as 400,000 21 per cent non-cumulative second preference shares, to be issued to ordinary holders on a one-for-one basis.

Preliminary Announcement

**lep** YEAR ENDED 31ST MARCH 1979

**A year of significant progress**

NET ASSETS increased from £27m to £45m  
BORROWINGS reduced from £20m to £9m  
PRE-TAX PROFITS growth from £4.2m to £6.1m —including development dealing surplus of £0.8m

NET ASSETS PER SHARE 142p (110p)  
PRE-TAX EARNINGS PER SHARE 20.7p (17.4p)  
AFTER TAX EARNINGS PER SHARE 13.8p (14.3p)  
TOTAL DIVIDEND PER SHARE 5.5p (4.79p)

- \* Investment property capital expenditure programme continues at record levels. Pensnett, Stourbridge and Willenhall Trading Estates show a valuation surplus of £4m which has been adopted.
- \* Expansion of Vehicle Distribution operations by the acquisition of further Ford dealerships.
- \* Overseas Growth. Acquisition of 70% of Chevilles Bol in France. Agreement to acquire controlling interest in The Whitlock Corporation of U.S.A.
- \* Directors recommend a scrip issue of one Ordinary Share for every two held.

**L.C.P. Holdings Limited**  
PENSNETT TRADING ESTATE BRIERLEY HILL WEST MIDLANDS ENGLAND

Optimism warranted

Year ended 31 March	1979	1978
Group Turnover	42,596	37,392
Profit before Taxation	3,530	3,075
Profit after Taxation	2,638	2,307
Earnings per share	52.46p	46.10p
Dividend per share	3.25p	2.85p
Value per share	255p	204p

"It is the Directors' intention to reduce net dividend cover to no more than five times fully taxed earnings."

"with the prospects of an improvement in the business climate, the search by the Company for appropriate acquisitions and the increasing demand for energy, optimism is warranted."

NIGEL E SWIFFEN Chairman

MINING - CONSTRUCTION - COMMERCIAL

**bh** Burnett & Hallamshire Holdings Limited  
119 Psalter Lane, Sheffield S11 8YS. Telephone: 0742 57444  
Copies of the Annual Report & Accounts are available from the Company Secretary.  
Burnett & Hallamshire Holdings Ltd, 119 Psalter Lane, Sheffield S11 8YS.

**PW** Pauls & Whites Ltd produces malt, animal feed, food flavours, hop extracts, caramel, flour, pigs, seeds, vegetable oil and incubators.

Last year, thanks to the goodwill of our customers and the efforts of our staff, our turnover was up 30% at £188.8m.

Our exports were up 39% at £10.9m.

Our pre-tax profits were up 22% at £7.6m.

Our after-tax profits were up 18% at £5.1m.

Our earnings per share were up 13% at 19.43p.

And our dividends were up 15% at 4.926p.

Copies of the Report and Accounts can be obtained from:  
The Secretary,  
Pauls & Whites Limited,  
47 Key Street, Ipswich, Suffolk.

# WHITBREAD

## AND COMPANY LIMITED

### A year of good progress

The chairman's report for the year ended March 3, 1979

EARLY every Annual Statement about the brewing industry talks about the weather, and also the economic climate. Last year, the summer until September was poor but we had a long warm autumn which, combining with an increase of money in people's pockets, because wages generally were above the rate of inflation, meant that we had favourable trading conditions. This was followed in January and February by the long hard winter of the transport strike and bad weather, to which the Company responded magnificently — as Whitbreads always do in a crisis.



Profits before taxation and extraordinary items were 24.9% up, and although the second half showed a slowing down of profit compared with the first half, this was largely due to the fact that we did not increase our prices during the year, and unavoidable inflationary costs diminished our margins by the end of the year.

We can be pleased with these results, for they were achieved, amongst other reasons, by a marked improvement in industrial relations. Our record of unofficial stoppages dropped dramatically last year, and we were able to provide our customers with a much better

service as well as competitively priced first-class products.

### Beer Sales Success

Despite the poor summer, lager returned to pre-1977 growth levels and now accounts for 30% of our market. Strong sales of Whitbread Trophy Bitter encouraged us, and the continuing success of Marlow Bitter, Pompey Royal and some further local beers which have been launched, such as Welsh Bitter and Tusker in Kent, gives us confidence that our local company plans are soundly based for further penetration of the market.

Success of our two main lagers, Heineken and Stella Artois, continued. We have now added to these with a launch of ancillary lager brands in Heldenbräu, a low carbohydrate lager on draught, and in 16 oz. cans largely for the take-home trade, and Royal Kaltenberg lager which we developed with the Royal Bavarian Brewery, and is available on draught and as a Diät Pils in bottle.

The improved trend in sales which I mentioned last year in Gold Label, English Ale and our speciality beers has also continued, and Mackeson maintained its position as the leading brand in the sweet stout market.

On the retail side of our business, we were helped by improved profits from Beefeater Restaurants in the South East, Trophy Taverns in the West Country and Duttons Grill Rooms in the North.

### Long John Progress

Good progress has been maintained both at home and overseas for the main Long John brand, as also for our malt whiskies, Laphroig and Tormore, whilst Plymouth Gin has shown continued growth in the home market. We are pleased with, and proud of, our investment in Long John International.

Unfortunately, our export performance in the last months of our financial year was marred by the transport strike, which prevented our getting whisky shipments into the docks and away on time in our overseas customers.

### Highland Distillers of California

Towards the end of the year, at the invitation of the family owners of the business, we acquired a controlling interest in the Highland Distillers Corporation of California. This company owns the fast-growing Scoresby Rare Scotch Whisky, the leading brand of Scotch in California and other Western States of America, for which Long John International supplies the blend from its distilleries in Scotland.

This acquisition meets the three objectives of increasing our export sales, of securing supply to an increasingly important whisky customer, and of giving Long John International a significant investment opportunity in the U.S.A. in line with Whitbread's policy of overseas diversification. We have high hopes for Scoresby's future.

### OUR RESULTS

Year to March 3, 1979



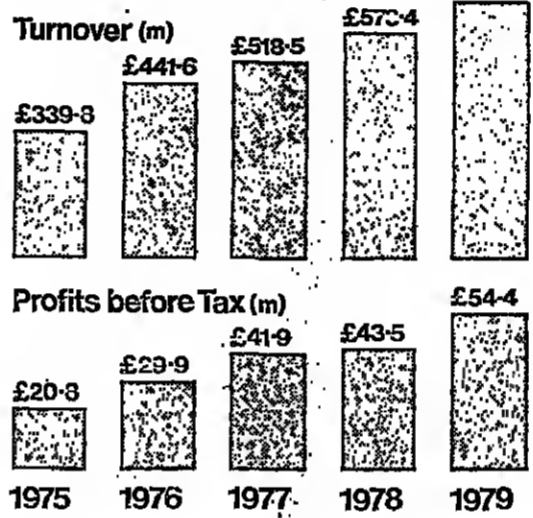
£000's	53 weeks to 3/3/1979	52 weeks to 25/2/1978	UP
Turnover	659,886	573,369	+15%
Profit before Taxation	54,350	43,518	+24.9%
Current Taxation	9,525	6,786	+40.4%
Ordinary Dividends	10,954	8,948	+22.4%
Retained in the Business	35,072	28,921	+21.3%
Earnings per share (basic)	19.48p	16.13p	+20.8%

### Well done!

I would like to pay tribute once again to our retailers and also to all the people in our Company who have made these results possible. They have all done well and shown once again that they can rise to an occasion in times of trouble. I count myself lucky to be supported by such a great team in Whitbread and Company.

I have enclosed with our Report a copy of the Report to the Employees of Whitbread and also a booklet called *This is Whitbread*.

### FIVE YEAR RECORD



### Production and Quality Control

Following several years of extensive development work, it has been possible to introduce into our newest breweries techniques which have increased substantially the productivity of the plants and, at the same time, have enhanced the keeping quality of the beer.

Overall, I believe the quality of our finished products has never been better, thanks to concentrated and dedicated attention to detail by all our people. The measure of their success is the esteem in which our products are held by the public.

### The British Pub and Competition

It is a fact that the licensing law under which our brewing industry trades restricts to some extent the granting of licences but, as a result, this country is saved from the social disadvantages that a proliferation of licensed outlets could cause.

Over the years, the brewing industry would argue that their ownership of pubs has been beneficial to the public, in that not only has it preserved the pub itself but it has provided the customer with a cheaper pint of draught beer from the distribution advantage of this system. It has also kept in being some 80 independent brewing companies with their local types of beer, over 1,200 at the last count — a far larger number of breweries and brands than in most countries.

The interchange of houses agreed with the last Government should, over the next five years, and aided by a natural swing to a smaller number of brewer-owned houses, remove any undue concentrations of ownership in a local area of more than 100,000 population.

The Monopolies Commission, in 1969, investigated the industry thoroughly from the point of view of competition, and since then the problem seems to have been that, on almost every occasion when the brewing industry has sought to put up its prices, some brewers have been subjected to investigation, theoretically on the question of price, but in practice on the question of competition, despite the fact that beer prices have kept behind inflation rates. After all the recent investigations by various Government bodies, I hope the system that has produced the British pub, which is unique in the world, and also our draught beer, which is also virtually unique, will be allowed to continue without further interference.

### THE PRICE COMMISSION

If you will already know from Press comments that the Company has recently been under investigation by the Commission, and I do not intend to burden you with any details. However, I equally feel you will expect a report on the loss of profits of approximately £5m which occurred between the 7th March and the 10th May this year at the hands of the Price Commission, and I think it is points should be made on behalf of the Company.

History of the investigation is briefly as follows. In early 1978, we applied for a price increase, having earlier held our prices for various twelve months, as the majority of our competitors. For reasons that have been made clear to us, and Bass were referred to an investigation and prices were frozen, whilst the restaurant was placed on a majority of our competitors.

from the British judicial system. A Commission that did not have to give intelligible reasons for its decision, against which there was no meaningful right of appeal, and no apparent redress at law except possibly in the most extreme cases. A company under investigation was debarred from putting its own case to the full Commission, nor had it any voice in the selection of those who were to judge its business, very few of whom had significant commercial experience.

### No fair reason

The Report of the Commission contains one or two minor criticisms of the business, of which we were already aware, and which were being tackled, but can in no way add up to grounds for so heavy a fine. The Report implies that in some way the £5m penalty was justified because of the financial policy of this Company in making loans to Free Trade customers. Such policy is common practice throughout the brewing industry, and I can, therefore, see no fair reason why your Company should be singled out on these grounds.

At the time of writing this Report, we believe it is the intention of the Government to abolish the Price Commission. It should be remembered that Whitbread, along with many other companies, had to submit to the Commission large quantities of highly confidential information, and we regard it as of paramount importance that such information be either destroyed or returned to us.

The abolition of the Price Commission may be a great relief at this time but experience suggests that mechanisms of government of one sort or another have a nasty habit of repeating themselves, perhaps in a slightly different guise. I believe that our recent experience should teach us to watch carefully that, in future, commerce and industry guard their lines constantly, in fair weather and foul, to try to ensure that we achieve the sort of legislative climate in which we can prosper and grow as a responsible company in the private sector of industry.



### TWO NEW PRODUCTS ARE LAUNCHED

I have mentioned Heldenbräu and Kaltenberg, the new lagers which the Company launched in June this year, and we believe the development of new products in all sectors of the Company's business will become increasingly important in the future. What pleases me so much about Heldenbräu and Kaltenberg is that they taste so good and are really well-balanced products, and I believe there should be a good chance of a great consumer demand for them.

### Growth potential for Langenbach

Our German wine subsidiary, Langenbach, has had a good year financially, with increases in trade in the domestic German market and in the U.K. but a slowing down in the United States, in some extent due to the strength of the Deutschmark. We believe, however, that there is considerable growth potential for Langenbach's excellent wines in both home and overseas markets — in particular, the United States — and we have embarked on a major investment programme at Worms to renew and expand our production facilities there.

### Beer Export and Licensing

Although financial results in Belgium last year showed a marked improvement as a result of the completion of a programme of rationalisation and reorganisation, the trading environment generally was a difficult one, with premium beers feeling the effect of the general economic situation.

During the year, we have considerably altered the nature of our export operation to the United States by closing down our own import company, Bedford Importers, and appointing All Brand Importers — now a subsidiary of Standard Brands — as our agents for Whitbread Ale and Mackeson Stout and for repackaging our products.

We have every confidence that All Brand Importers, who already carry a prestige range of imported beers from other countries, will do a very good job for Whitbread and Mackeson. On the licensing front, too,

### THE FUTURE

Obviously the setback of £5m off our profit budget (to which I refer in my comments on the Price Commission) is a very big handicap but we have decided, nonetheless, to go flat out for our original budgets. Despite this financial penalty, and to demonstrate our confidence in the future, we plan to invest approximately £230m in total over the next three years in public houses, catering and production facilities.

We have had some unofficial industrial action this year but I believe there is a general and increasing understanding by the people of Whitbreads that if we stick to our agreements and serve the customer, that is the best way to achieve our individual aspirations as well as ensuring commercial success.

We are in business to serve our customers. It is only through the Company's success in the market place that our jobs are made secure.

I hope, therefore, that by the end of the full year, we may have partly recovered the position, although an increase in V.A.T. and the duty would probably mean a difficult half-year's trading. However, long term, if this country is to become more prosperous, and individuals have more money in their pockets to spend as they choose, I am confident our future, as traders in pubs, clubs, eating and drinking out and at home must be good. We should also be able to encourage and take advantage of the tourist trade in this country.

I know the Company has accepted the challenge of the coming year and will do its utmost to succeed — free this time, I hope, from Government interference and penalties that have frustrated us so much in the past year. I am always an optimist for the future of this country and its development. I am also confident and optimistic for the future of Whitbread and Company.

### CHISWELL STREET DEVELOPMENT



Stables for the famous Whitbread Shire horses will be part of the attraction of the redevelopment of Chiswell Street.

I am pleased to report that attendance at the Overlord Embroidery has already increased to over 1,000 a week.

Chiswell Street will once more come alive and be playing its part in this great capital of London.

The whole development is progressing, and one of the office blocks on the south side is approaching the topping out stage. The retained buildings will house our offices in the centre, and with the attendant attractions of our stables, horses, the Overlord Embroidery, shops and supermarket, as well as 140 flats for Islington Council and the squash and gymnasium complex on the north side, the Brewery site at

On the south side of Chiswell Street, the old Porter Tun Room is now completed, to provide banqueting and conference facilities in this unique setting. We have a healthy order book for use of the premises in its first half-year of operation, and a very encouraging volume of enquiries for the future. It is a fitting and unique use of our historic room where, in the past, 90% of Whitbread's beer was fermented.

### New Magor Brewery

We have suffered some delay to the completion of our Magor Brewery. This has been largely due to the appalling weather conditions during the winter months, and the lorry drivers' strike affected supplies of building materials, which added to the delay in completion.

We now expect to be undertaking commissioning trials during the summer and to go into production in the autumn of this year. Magor will be producing a significant amount of our lager requirements by the spring of next year.

### New Board Member

We were fortunate that Sir Charles Troughton, ex-Chairman of W. H. Smith and now Chairman of The British Council, agreed to join our Board in October 1978. His wisdom and experience are invaluable to us.

### Energy Conservation

We have all been made aware of the need to conserve energy. We believe that we can make a significant contribution to the reduction of fuel consumption both in our industrial premises and in our retail outlets. In November 1978, therefore, we set up an energy management team which is advising all our companies on the methods of reducing fuel consumption.

Annual General Meeting: 12 noon, Tuesday, July 24, Brewery, Chiswell Street, London EC3R 4SD.



# The contest for influence over Furness, Withy

BY JOHN MOORE

ITTY controversies in years have generated as great as the contest of international and Euro-Shipholdings for an say over the affairs of Withy, the British group.

shareholders of Furness in seats at their annual meeting tomorrow they are to be asked to vote on important proposals forwarded by KCA Inter-continental, the implications of which have been largely obscured by the sound and fury

at the centre of the fray are Mr Bristol, chairman and chief executive of KCA Inter-continental, an oil servicing and shipping group; and Mr Narby, chief executive of Canadian Shipholdings, a Canadian-owned ship-owning group based in Switzerland.

Individual association membership goes back some time but their respective interests in the company were clarified last month when KCA bought a 3.75 per cent stake in Furness for £2.69m. At the time KCA bought a 3.4 per cent stake from Eurocanadian in a "settlement" arrangement which means that payment was delayed.

Mr Bristol and his company hold a 12.13 per cent stake in the company while Mr Narby and Eurocanadian retain a 10 per cent stake. When it was formerly owned by Berry Wiggins, joined by Mr Narby in an oil venture in 1975. A company was formed called Marine Drilling in which KCA held a 40 per cent stake, Withy 20 per cent and Eurocanadian 40 per cent.

When KCA has reduced its stake to 10.5 per cent in the company and Furness has its own stake to 49.5 per cent. An association between KCA and Eurocanadian has been an important feature of the company's policy of investment in British shipping. Mr Narby claimed that he had no wish to control Furness; although his eventual 24.9 per cent equity holding in the group was enough to exert a material influence on Furness Withy's policy.

## WHAT THE ARGUMENT IS ABOUT

### WHAT BRISTOL PROPOSES:

To be appointed a director of FW  
KCA's and FW's oil service interests to be merged into joint venture company  
FW to explore the possibility of buying Eurocanadian's shareholding in Manchester Liners.

### WHAT NARBY WANTS:

New board at FW with new chairman  
New financial advisers to FW  
Close trading relationship with Manchester Liners, an FW subsidiary  
FW to found jointly with KCA a world oil service organisation.

### WHAT FURNESS SAYS:

Narby and Bristol are trying to use their holdings in FW jointly to influence the running of the company to the benefit of their own interests.  
It is against the interests of shareholders for FW management to be under any kind of compulsion in its negotiation of agreements.

larged oil service group would be better placed to compete in world markets which are dominated by overseas interests.

How any merger of the oil interests might be effected has not been explained but one suggestion is that there should be an issue of Furness Withy shares to KCA with the appointment of Mr Bristol as manager of the combined interests.

Meanwhile Mr Bristol wants a seat on the Furness Board because KCA holds the largest declared shareholding. He also thinks that Furness Withy's diversification policy needs reappraisal, and he would like to contribute to that policy.

The ambitions of Mr Bristol are backed by Mr Frank Narby of Eurocanadian.

Mr Narby's association with Furness dates back to 1974 when his Eurocanadian group bid for Manchester Liners, a group in which Furness was the largest single shareholder. The deal ended in deadlock with Furness Withy holding 61.5 per cent and Eurocanadian 37.5 per cent.

At about the same time Eurocanadian was buying shares in Furness Withy as part of a general policy of investment in British shipping.

Mr Narby claimed that he had no wish to control Furness; although his eventual 24.9 per cent equity holding in the group was enough to exert a material influence on Furness Withy's policy.

At the time Mr Narby said that he was seeking to gain Board representation to effect

a merger of his Cast subsidiary company's North Atlantic container business with Manchester Liners' container operations.

In the event the Monopolies Commission ruled that the deal was against the public interest, and that because Manchester Liners and Cast were of a widely differing nature and had differing objectives, Manchester Liners "would suffer substantial disruption and damage."

Mr Narby was required to reduce its stake in Furness Withy to not more than 10 per cent over a two-year period. Moreover, Eurocanadian is prevented from exercising voting rights on more than 10 per cent of the shares.

### Holding limit

That was in 1978. Although the deadline has become a little elastic Mr Narby had agreed to reduce his holding to not more than 10 per cent by 1980.

Like Mr Bristol and his investment in Kingsnorth, Mr Narby is profoundly unhappy with having so little say in the running of Manchester Liners. He also has his eye on the large market share that Manchester Liners holds in North Atlantic UK-Canada container operations. Hence his oblique reference in his latest letter to shareholders that a close trading relationship should be sought between Eurocanadian and Manchester Liners.

In addition he wants Furness to unblock him from his Manchester Liners' investment

by buying his holding at cost of purchase and carriage.

Furness wants none of this. It is unimpressed with the record of KCA as managed by Mr Bristol and regards his plans as too sketchy. As for Mr Narby, Furness is prepared to sit round a table and discuss reasonable proposals about Manchester Liners.

There are three jokers in the pack. European Ferries, which holds a 5 per cent stake in Furness which it purchased from Eurocanadian, has not made its mind up about which camp to support.

Although European Ferries has expressed interest in Furness Withy in the past its policy in the latest campaign has been to disclaim any involvement with the KCA-Eurocanadian camp.

If it had acted in concert with Mr Bristol and Mr Narby it would have only required the purchase of a 3 per cent stake in Furness by the other two combined interests to trigger a bid under the Takeover Panel's 30 per cent rule. In that situation European Ferries would have to play a key part in financing a bid with partners with which it might not wish to support.

After all in terms of relative size European Ferries has a stock market value of £150m compared with KCA's market value of £10m. Furness Withy is capitalised at £78m. Eurocanadian, a private company, has a turnover of \$250m (£116m). That compares with Furness Withy's turnover of £179m, KCA's £19.1m, and European Ferries' £152m.

Then there is Rea Brothers, the merchant bank and financial advisers to Furness which could have an influence of up to 20 per cent of the Furness shares through funds managed.

Finally, there is the Office of Fair Trading which has been ruminating on whether Eurocanadian has broken the spirit of the letter of the Monopolies Commission ruling by passing across to Mr Paul Bristol, in an arrangement for "deferred settlement" 3.4 per cent of its shares on which under the terms of the Monopolies Commission ruling it would not have been entitled to have any voting rights.

Whatever happens at tomorrow's annual general meeting the affair is not likely to end with the vote.

# Another productive year in 1978

## Financial Highlights 1978

	1977	1978
	billion DM	
Total Assets	18.74	21.62
Due from Banks	5.88	6.15
Due from Customers	8.38	8.84
Securities	3.80	5.86
Due to Banks	7.51	10.28
Due to Customers	1.48	2.14
Issued Debentures	8.86	8.22
Capital and Reserves	0.37	0.43

(Preliminary figures)

For full information, contact us at Lautenschlagerstrasse 2 D-7000 Stuttgart, Tel: (0711) 2049-1 Telex: 7-22701.

Landesbank Stuttgart

Württembergische Kommunale Landesbank Göttingen

Where money is productive



## DO WE SERIOUSLY EXPECT YOU TO PAY £3,500 FOR A COLOUR TELEVISION?

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NORTH AMERICAN NEWS

Senate criticism of \$1bn Exxon bid

BY STEWART FLEMING IN NEW YORK

MR. HOWARD METZENBAUM, chairman of the Senate Anti-Trust Sub-committee, warned yesterday that unless Exxon Corporation can justify its \$1.2bn takeover bid for Reliance Holdings in terms of potential energy savings, the deal "must not be allowed to go through."

Reliance, which makes electric motors and other electrical equipment, last month. It claimed that it needed to undertake perhaps the most costly and extraordinary diversification plan proposed by any of the oil majors in order to exploit a technical breakthrough in electric motor design which could save the U.S. 1m barrels of oil a day by the early 1980s.

Senator Metzenbaum's comments yesterday came in the course of hearings on a Bill which would bar oil companies from making large acquisitions outside the oil industry. He said: "If Exxon truly needs Reliance to bring about major energy savings for this country, then the acquisition may be in the public interest. But if it is true that Exxon is taking advantage of the energy crisis to sell the American people on one

of the largest cash acquisitions in history, then I believe that Exxon must not be allowed to proceed." With the Federal Trade Commission poised for an investigation of the deal, and anxiety about political opposition to it building up, Reliance's shares have been selling well below the prospective cash tender price of \$72 a share. In the wake of Senator Metzenbaum's comments, Reliance shares fell to \$62.2.

Supreme Court reverses Texas takeover ruling

By Our New York Correspondent

THE U.S. Supreme Court has overturned a ruling by a Federal Court in Texas which declared that the Idaho state takeover law was unconstitutional.

However, the Supreme Court's decision was based not on an examination of the issue of whether the state takeover law was or was not constitutional, but on the grounds that a Federal Court in Texas did not have the jurisdiction to decide upon the constitutionality issue.

Charter sees bid success

JACKSONVILLE — Charter Company has restated its conviction that its bid to obtain control of a 65 per cent interest in a Balmora refinery will succeed.

Earlier, Dow Jones had reported that offers by Hildebrand Petroleum Company, a Venezuelan petroleum company, to acquire Charter for an interest in the refinery had raised doubts about Charter's plan.

Truck and van sales fall back

BY JOHN WYLES IN NEW YORK

U.S. MANUFACTURERS are drastically cutting back on their production of trucks and vans because of a steep fall in sales which, like the softening in the car market, appears to owe much to the current petrol shortage.

After three consecutive months of declining sales of vans and conventional pick-up trucks, total inventories of all classes of trucks have topped 1m units for the first time ever. As a result, the manufacturing companies have scheduled production for the July to September period which will be 21 per cent lower than a year ago.

Start next year for Sony Prudential Insurance

NEW YORK—The Japanese Ministry of Finance approved the establishment of Sony Prudential Life Insurance, said Mr. Akio Morita, the chairman of Sony.

He said the Sony Prudential Company will start business next year and predicted that it would become an "important part" of Sony operations.

United Technologies defends Carrier bid

HARTFORD—United Technologies Corporation said a Securities and Exchange Commission complaint against its acquisition of a majority of Carrier Corporation "is totally unwarranted."

The company made the statement in response to the SEC's filing of a complaint, alleging that United failed to amend its filings properly in connection with the acquisition of a controlling stake in Carrier.

London listing for Security Pacific

By Our Financial Staff

SECURITY Pacific Corporation, the holding company of the 10th largest bank in the U.S., is today listing its shares on the London Stock Exchange.

Chubb in Irish insurance venture

NEW YORK—Chubb Corporation said its Belgian subsidiary, European Federation Insurance, has been licensed to write non-life business in the Republic of Ireland.

The Irish branch is the first such operation to be established within the European Economic Community by European Federation, and marks the first step of the planned expansion of the company in the EEC.

EUROBONDS

Sharp discounts fail to stir quiet dollar sector

BY FRANCIS GHILES

A \$50m 15-year bond issue for Dome Petroleum with an indicated coupon of 10 per cent was announced yesterday. The bonds, which have an average life of 11.97 years, are redeemable after July 15, 1984. They are expected to be priced at 99.1. Lead manager is Morgan Stanley.

last six dollar-denominated issues to start trading at a price of 99.1 to yield 12.64 per cent by the lead manager, S. G. Warburg. The indicated coupon of 12.1 per cent was unchanged. Prices have improved slightly in the sterling sector of the bond market since the beginning of the week, helped by the strong performance of the UK currency, but turnover remains at a low level.

In the Deutsche-Mark sector, prices of seasoned bond issues posted further gains. The recent DM200m for Sweden was quoted at 101 in the middle, gain of 1 point on the day while the DM100m public issue for Interamerican Development Bank moved up by 0.3 basis points to 100.60. In the domestic sector, buyers were again in evidence, and the DM116m worth of bonds.

MEDIUM TERM FINANCING

Iran seeks to re-activate loan

BY JOHN EVANS

AN IRANIAN Government agency, the Telecommunications Company of Iran (TCI), is seeking to re-activate a \$250m loan it had previously arranged with Western banks on the international capital markets.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these and other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Table with columns: U.S. DOLLAR, STRAIGHTS, DEUTSCHE MARK, STRAIGHTS, SWISS FRANC, STRAIGHTS, YEN STRAIGHTS. Lists various bond issues with their respective terms and yields.

Petroleos de Portugal, E.P. PETROGAL. US\$ 60,000,000 Medium Term Loan. Badische Kommunale Landesbank International S.A. Standard Chartered Bank Limited. Managed by Banco Totta & Acores, Bayerische Landesbank Girozentrale, Deutsche Girozentrale International S.A., Landesbank Rheinland-Pfalz and Saar International S.A., Midland Bank Limited, The National Bank of Kuwait S.A.K., Norddeutsche Landesbank International S.A., Westdeutsche Landesbank Girozentrale.

First Lincoln talks off

MONTEREY PARK — First Lincoln Financial Corporation said that the previously announced talks with Weyerhaeuser about the possible acquisition of its Lincoln Savings and Loan Association subsidiary have been suspended.

The company said it received a letter indicating that Weyerhaeuser would not consider specific acquisition candidates in the savings and loan field until deciding whether to enter that field. Weyerhaeuser did, however, hold out hopes of resuming talks if it decides to pursue savings and loan acquisition, First Lincoln said.

IBM anti-trust appeal fails

NEW YORK — INTERNATIONAL Business Machines Corporation has been ordered to make available more documents in a key anti-trust case, despite the company's contention that it would take 62,000 man-years to do so.

In the Federal District Court here, IBM lost its bid to quash a subpoena issued last February by the U.S. Justice Department in its massive anti-trust case. The documents relate to expected testimony by Mr. Frank T. Cary, IBM's chairman. IBM had called the Government's demand "unreasonable and oppressive" too far reaching, and certain to "severely disrupt" the trial at present proceeding.

Scott & Fetzer sees record

LAKEWOOD—Scott and Fetzer, the books and vacuum cleaners concern, will report a second quarter profit rise of 10 per cent to 12 per cent despite the impact of the petrol shortage, high start-up costs at new facilities, and the adverse effects of a vacuum cleaner model change.

An economic slowdown appears to be underway, but Scott and Fetzer is well prepared for a possible recession. Despite the worsening overall economy, "we continue to expect that we will have record sales and earnings" for the current fiscal year, he said.

Table with columns: OTHER STRAIGHTS, FLOATING RATE NOTES, CONVERTIBLE BONDS. Lists various bond issues with their respective terms and yields.



INTERNATIONAL COMPANIES and FINANCE

Profit and turnover with dip V & D

By Roger Boyes in Bonn... THE HAMBURG-BASED Heinrich Bauer Verlag...

Bauer to acquire U.S. stores group

BY ROGER BOYES IN BONN... THE HAMBURG-BASED Heinrich Bauer Verlag...

serious attempt at overseas diversification by the Bauer group. Information about Bauer is scarce...

BBC management board chairman. He told the annual meeting that German BBC will hold 49 per cent of the BBC capital...

Diversification pays off for James Hardie Asbestos

BY JOHN ROGERS IN SYDNEY

A PERIOD of diversification is paying off handsomely for James Hardie Asbestos...

Reed contributed a five-month profit, from October 31 of AS12m. The board's ruling was good as Reed earned only AS1.72 in the six months to June 30 last year...

Bavarian bank sees progress

BY OUR BONN STAFF

GERMANY'S SECOND largest Landesbank, Bayerische Landesbank Girozentrale expects 1979 to produce satisfactory results...

DM 110m into the reserves last year, DM 11m more than in 1977, thus maintaining a ratio of 2.5 per cent between capital and reserves...

Magirus-Deutz in the red

By Guy Hawtin in Frankfurt

MAGIRUS DEUTZ West Germany's second largest commercial vehicle manufacturer, ended last year in the red...

Sime Darby views purchase of China Engineers minority

BY PHILIP BOWRING IN HONG KONG

SIME DARBY is discussing with its Hong Kong quoted subsidiary, China Engineers...

(US\$ 23.4m) to buy out the minority. The market price compares with a book net asset value at the last balance date...

Price inflation boosts Sabanci

BY METIN MUNIR IN ANKARA

SHARP increases in profits are reported by Sabanci, one of the largest industrial and financial groups in Turkey...

to good use. Turkey is expecting some \$1.7bn in credits this year, \$906m from OECD countries and \$406m from a syndicate of Western banks...

Gollin creditors projected distribution increased

BY OUR SYDNEY CORRESPONDENT

GOLLIN AND CO, the failed Australian trading company, has increased its projected return to creditors from 52 cents to 59 cents over the period of its five-year scheme of arrangement...

than the project AS2.9m. Mr. Rodger said that the coffee and tea plantation division had performed well although coal production experienced a disappointing year...

Accountancy dispute settled

BY ARNOLD KRANSDORFF

THE LONG-RUNNING dispute between the industrialised nations and third-world countries over the composition of a United Nations inter-governmental body to establish international reporting and accounting standards...

The less industrialised countries have been insisting on a 15-member body—as proposed by the UN's Commission for Transnational Corporations at their 1978 meeting in Vienna—but the developed nations, led by the OECD, said the proposed working group should be open to all 54 members of the Commission...

KLM discloses loss on DC-10 grounding

By Our Financial Staff

DUTCH national airline KLM lost last year F1 48m and F1 6m (\$2m) in operating profit because of the recent two-week grounding of its DC-10 aircraft...

Private sector plan for Israel telephones

BY L. OAMIEL IN JERUSALEM

THE ISRAELI Ministry of Communications has proposed its own dissolution, and the establishment of public companies to handle, respectively, external communications, internal communications, and ordinary postal activities...

actions network. The biggest problem is the very large backlog of applicants for telephones—running into hundreds of thousands, some of whom have waited up to five years—because of a shortage of funds. There is also growing demand for additional tele facilities...

Wagons-Lits first quarter on target

BRUSSELS — Cie Internationale des Wagons-Lits et du Tourisme reports group first quarter results higher than in the opening three months of 1978...

Danish utilities to help computer manufacturer

BY HILARY BARNES IN COPENHAGEN

THE GOVERNMENT has made a crucial contribution to the reconstruction of Danish computer and software manufacturer Regnecentral by permitting Government-owned utilities to subscribe up to DKR 40m (\$7.5m) in share capital...

manufacturing activities are now expected to continue under the name RC Computer. The Post and Telegraph Authority, the three publicly owned telephone companies, the local government-owned Detacentral and the industrial development fund were the organisations permitted by the Government to subscribe share capital on condition that the company should be taken over by the Government...

French form air power it venture

TERRY OODSWORTH IN PARIS

FRANCE'S private sector is in the solar energy merger in a deal by four of the country's enterprises, the Atomic Commission (CEA), the group, and the CGE electric group...

Air France juggles the options to create the world's cheapest fleet

TERRY OODSWORTH IN PARIS

"CONTRACT" under certain losses which Air France signed with the state, the shareholder, some 18 months ago, did not immediately usher in a new era of profitability. Nevertheless, the company managed to make a much more presentable operations...

The idea now is to concentrate investment on three aircraft, the Boeing 747 for the large capacity long-range haul, the 250-seat Airbus for medium-range distances, and the Boeing 727 for the smaller loads of 130 or so passengers.

The company is aiming to have similarly frugal aircraft in the rest of its fleet, with the Government covering the losses of those which it does not want to operate—the Caravelle and the Concorde.

FFr 660m for the period up to 1985. These results indicate steady growth. Despite the energy crisis, Air France believes that this is coming. Indeed, the chairman, M. Pierre Gaudet, the former chairman of the Paris regional transport network, who took over the company in the bleak period after the oil price rises of the mid-1970s, says that demand for Air France seats has continued to grow faster than the company had foreseen.

of mass transport, which, it believes, will keep cash flowing strongly into the airline business. Cash flow, it calculates, should come to FFr 5.7bn for the period. The major part of the rest will come from borrowing a hefty FFr 5.5bn, accounting for some 46 per cent of the investment requirement. In addition, the state will be asked to dip further into taxpayers' pockets and come up with another FFr 700m, while sales and divestments will raise the remainder.

Lower tax lifts Fraser and Neave

BY GEORGIE LEE IN SINGAPORE

FRASER AND NEAVE, the largest soft drinks bottling and manufacturing company in Singapore and Malaysia, reports a 21.5 per cent improvement in group post-tax profit to S\$27.3m (US\$12.60m) for the year ended March 1979.

Fraser and Neave has declared a final gross dividend of 18 per cent which together with the interim dividend of 8 per cent makes a total of 26 per cent for the year.

The Mitsubishi Bank, Limited (London Branch) Negotiable Floating Rate Certificates of Deposit Maturity date June 29, 1981 \$40,000,000

ALLEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD. 45 Cornhill, London EC3V 3PB. Tel: 01-623 6314. Index Gold as at June 21, 1979 Capital Fixed Interest Portfolio 115.50 Income Fixed Interest Portfolio 105.00

# FINANCIAL TIMES REPORT

Wednesday June 27 1979

## Lead and Zinc

Usually sharing a common orebody, lead and zinc are traditionally thought of as a pair. This year, however, the fortunes of the two metals are varying. Lead prices have gone racing ahead, largely through heavy Russian buying. But prospects over the long term for both metals remain difficult to predict.

LEAD HAS surged ahead of its sister metal zinc during the past year, providing one of the most spectacular performances in the metal markets. Traditionally, lead (like its metallic properties) has been the dull steady metal, while zinc has provided the fireworks with volatile price movements. Now the roles have been reversed.

Zinc prices have risen slowly and steadily during the past 12 months, mainly as a result of cutting back output by producers to match demand more closely. Zinc producers, however, claim prices are still too low to justify investment in new capacity and are gloomy about demand prospects.

In contrast lead prices have shot up to all-time high, more than double the level of a year ago, and producers are reaping a rich reward. Particularly unusual is the fact that the upsurge in lead did not follow a period of depression as so often happens with other metals.

### Exploded

Lead prices held up very well during the long period of reduced industrial activity that hit most of the other metal markets hard, with huge surplus stocks piling up and undermining prices. This general depression in metals held back lead prices for a time, but the market subsequently exploded as the pressure became too great.

There are several reasons for the market upsurge. The most popular and most publicised

influence in the lead market has undoubtedly been the great increase in buying by the Communist bloc countries, led by the Soviet Union, which has stripped away all surplus supplies and created a shortage.

No one can explain satisfactorily why there should have been such an increase in lead purchases by the Soviet Union. There are many theories.

These range from stockpiling in case of a war with China to use of lead in nuclear plants, technical problems cutting domestic output, or simply that the growing standard of living in Russia has expanded the use of lead, especially for the Soviet Union's growing car population.

Net imports of lead to the Communist bloc countries rose to 118,000 tonnes in 1978, compared with 43,000 in 1977, according to estimates by the International Lead-Zinc Study Group. This year the Lead-Zinc Development Association calculates that Russian purchases are running at the rate of 120,000 tonnes of metal annually, plus 80,000 tonnes of ore concentrates.

This quantity is not all that high compared with total Western world production of nearly 3.7m tonnes of lead metal. But the impact of the Communist bloc purchases is greatly exaggerated by the pricing and marketing system for lead.

Outside North America the price of lead is based on the

daily quotations reached on the London Metal Exchange (LME). The bulk of lead supplies is traded directly between consumers and producers without touching LME, but the prices specified in these supply contracts are based on LME

Exchange at a time when there are reasonably adequate supplies overall. This indeed appears to be the situation at present, with the cash price of lead on the Exchange maintaining a considerable premium over the forward three-months

contract. But so far producers have been struggling to keep up with the requirements of their contracted customers; stocks have dropped to very low levels and

in zinc output also meant a cut-back in lead production. Not generally appreciated, until too late, was the underlying strength of lead consumption, bolstered by the unexpectedly heavy buying by the Communist bloc as well as

discouraging consumption and stimulating production. But the extent of any increase in supplies depends partly on zinc; there are no real new reserves of lead ready to be exploited, like the Missouri Lead belt, so any rise in primary production is likely to be fairly marginal. At the same time the flow of scrap lead supplies depends on the amount of new investment in cars, plant and machinery, and would, therefore, be reduced by an industrial recession.

Scrap refiners, who supply some 60 per cent of Britain's lead requirements, do not necessarily benefit from higher prices. They simply have to pay more for their raw materials, and their margins are affected by the increased capital tied up in higher prices.

Nevertheless, the short-term trend in lead prices appears to be very dependent on whether buying interest from the Soviet Union and other Communist bloc countries is sustained at its present level.

The present inflated price on the LME is mainly the result of Russian buying of surplus supplies, so the market could come down very sharply if this buying element was removed or reduced substantially. Meanwhile, however, the LME, with the help of the Russians, appears to have achieved the objective of the old economists in turning lead into gold.

Zinc presents a very different picture. Stocks remain adequate, despite the cutbacks in output that are now being restored as a result of the

boom in lead and some limited improvement in demand.

If the expected economic recession does develop at the end of the year, as feared, zinc producers could be struggling again. The official producer prices in Europe and North America, at which the bulk of zinc is sold, have been pushed up steadily during the past 18 months from very low levels. But there is some apprehension as to whether the rise in prices has been overdone. Producers are keeping a very wary eye on the LME zinc market.

### Influence

Although only a small proportion of zinc supplies, mainly from North Korea, is traded via the Exchange, the market does provide a good indication of the underlying market trend. It has become a considerably bigger influence in recent years when the producer price system virtually collapsed under the strain of excessive stocks and anti-cartel regulations preventing producers getting together.

At present the mild recovery in the steel industry has bolstered demand in zinc's main outlet—galvanising and coatings. But its other main market—diecasting—has suffered severe losses, especially in the U.S., where the motor industry has turned away from zinc in search of lighter materials to help with energy cost-saving objectives. It seems doubtful whether zinc will win that market back, even though its price is now much more competitive.

## Price trends diverge

By John Edwards, Commodities Editor

quotations. So although only a percentage of lead is actually traded through the Exchange, its pricing influence extends to all lead sales.

Even though North American lead producers fix their own domestic prices these have to take account of LME quotations either to remain competitive or to ensure that an adequate supply of ore concentrates for the smelters can be maintained.

The problem is that the removal by the Russians of the bulk of the residual supplies traded via the LME has an abnormal effect in boosting prices by squeezing the amount available to the market. In theory there can be a shortage of supplies available to the

quotation because of the low level of stocks held in LME warehouses following heavy sustained buying by the Russians.

The price is further distorted by speculators jumping on to the bandwagon to take advantage of the situation. Speculative forward buying is encouraged by the fact that the price goes higher as the delivery dates come nearer, even without the market changing overall. But trade bedging sales are discouraged when the cash price is at a premium.

This market shortage situation can only exist of course when there are inadequate supplies elsewhere to make up the shortfall. Normally the bigger price levels should

there has been little to spare for buyers on the LME. Demand for lead, apart from Communist bloc buying, has been unexpectedly buoyant while there have been various setbacks in supply.

The biggest setback in lead production has resulted, ironically, from the very depressed situation in zinc, where surplus stocks built up to unprecedented levels, forcing prices lower and lower. To reduce these surplus stocks and restore prices to more profitable levels, zinc producers were forced to make big cutbacks in output. Unfortunately, since lead and zinc are often produced from the same ore, and smelted together, the reduction

by spells of extremely cold weather, which boosted demand for lead batteries. The oil crisis, while putting up the cost of mining primary lead and recovering scrap supplies, has at the same time increased demand for battery power and also slowed down the removal of lead anti-knock compounds from petrol.

Whether the upward trend in lead prices can continue must be open to doubt, although the same pessimism about trends has been expressed all the way up. There are signs that speculators are deciding to take their profits and move elsewhere.

The fundamental supply-demand situation is changing slowly, with the high prices

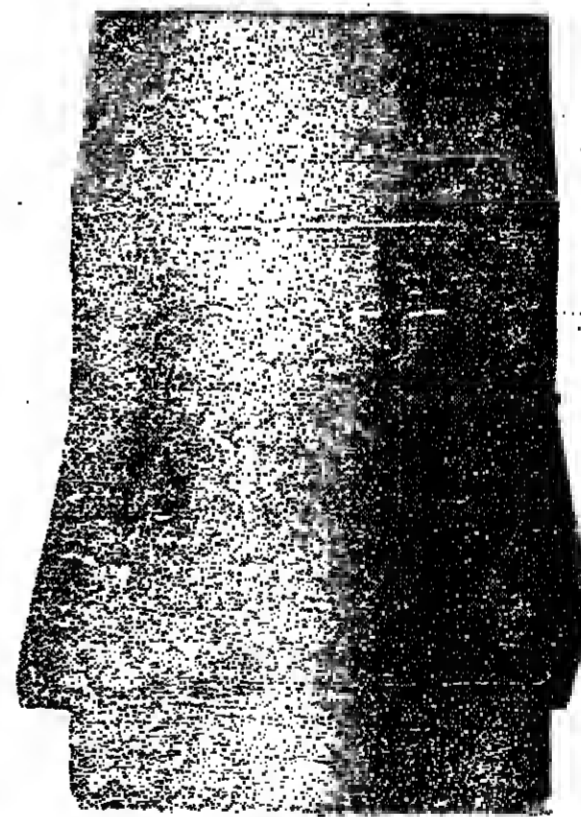
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مكتبة امين ليد

LEAD AND ZINC II

PRODUCTION

Increasing competition ahead

AND ZINC producers seen staging a financial recovery...

The pattern for zinc is much the same. Western world mine production was 4.69m tonnes last year and is expected to rise to 4.5m tonnes this year.

with a loss of FF38.2m, commented bitterly that the fall of the dollar, and the distortion that flowed from it, penalised European and Japanese producers.

There remains over-capacity and what steadiness in price there has recently been owes a good deal to the fact that the producers have been holding back.

countries, anxious to maximise revenue at a time when international economic trends related to the latest energy crisis are moving against them.

been far more intensively prosecuted, Dr. Sies said. At present the world's biggest zinc producer is Canada, with a 1978 production, according to AMC figures, of 1.2m tonnes.

for their own workers but also with strictly defined air controls. By law, ambient air standards are health-based - economic impacts cannot be considered in setting the standard.

shown, especially in the deepest days of the post-1974 recession, that the producers cannot expect to align market prices up against their operating costs.

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DEMAND

Hopes pinned on newer nations

LEAD AND ZINC are both looking towards the developing countries to provide the main growth in demand during the years ahead. At present the bulk of consumption of both metals is very much centred in industrialised countries, but the annual rate of growth in demand had been rising much faster in developing areas.

nical problems in the all-important recovery of secondary supplies. The high percentage of scrap lead recovered is mainly due to the efficient collection of used batteries, but a change in the constituents obviously provides secondary refiners with some difficulty.

people at present would predict a promising outlook for steel with the threatened industrial recession following on the oil supply crisis. World zinc consumption in 1978, according to the Lead-Zinc Development Association, was 10 per cent below the 1973 level, and it will require a big effort to expand the uses of zinc while maintaining highly competitive prices.

Table with 2 main sections: LEAD and ZINC. Each section has columns for years 1973, 1974, 1975, 1976, 1977, 1978 and rows for Mine Production, Net Trade with Socialist Countries, Metal Production, Metal Consumption, Balance: Production/Consumption, Net Trade with Socialist Countries, Net Changes in National Stockpiles, U.S., Japan, and Statistical Balance.

John Edwards



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WORLD STOCK MARKETS

Early Wall St. responds to OPEC hopes

INVESTMENT DOLLAR PREMIUM \$2.60 to \$1-34% (34.1%) Effective \$2.1520 10% (11.1%) A SLIGHTLY FIRMER tendency prevailed on Wall Street yesterday, reflecting hopes that the oil price increase decided by OPEC Oil Ministers will not be as large as previously feared. But best S.E. levels were not always held. After rising 2.08 to 846.33, the Dow Jones Industrial Average closing prices and market reports were not available for this edition.

Table with columns: Stock, June 26, June 27, June 28, June 29, June 30. Lists various stocks like Abbot Labs, Amgen, etc.

International "A" \$1 to \$40. Computer Investors Group were lifted \$5 to \$4 on a profit for the March 31 fiscal year, up from a loss a year before. Active Colonial Commercial tumbled \$2 to \$181-1/2 in consideration of a rights offering of shares of a subsidiary.

Table with columns: Stock, June 26, June 27, June 28, June 29, June 30. Lists various stocks like Revlon, Williams Co., etc.

Chemicals, and Oils were lower, while all other sectors were mixed, except for Construction Equipments which were firm. Royal Bank of Montreal added \$1 to \$233 on a raised dividend.

Table with columns: Stock, June 26, June 27, June 28, June 29, June 30. Lists various stocks like AEC, Allianz, etc.

Norsk Hydro were sharply higher on higher demand. Milan Stocks closed lower in quiet trading. Fiat, Snaia Viscosa, Pirelli, Assicurazioni Generali and Olivetti all weakened in a market affected by political uncertainty and the possible rise in the price of petrol.

Table with columns: Stock, June 26, June 27, June 28, June 29, June 30. Lists various stocks like Ashai Glass, Canon, etc.

EUROPEAN OPTIONS EXCHANGE Table with columns: Series, Vol., Last, etc.

BASE LENDING RATES Table with columns: Bank, Rate, etc.

Table with columns: Stock, Price, etc. Lists various stocks like AEC, Allianz, etc.

Table with columns: Stock, Price, etc. Lists various stocks like Ashai Glass, Canon, etc.

Vertical text on the right edge of the page, possibly a page number or reference.

Minister says fish stocks firm

Mr. Peter Walker, Minister of Fisheries, is taking a tough line on a market fishery policy...

Ghanaian cocoa crop lowest for 10 years

ACCRA—Ghana's cocoa production for 1978-79 is estimated at 284,000 tonnes, the lowest for 10 years...

Erratic day in metal market

FLUCTUATIONS in the value of sterling against the U.S. dollar made for an erratic day's trading on the London Metal Exchange yesterday.

WEST GERMAN AGRICULTURE Ertl fends off big tax rises

HERR JOSEF ERTL, the West German Minister of Agriculture, has done it again. Not only did he fight off any threat to German farmers' incomes in the EEC price marathon...

Sugar tenders to continue

BRUSSELS—The Common Market's weekly sugar export tenders will continue into July to eliminate remaining stocks...

Warble fly pest on the wane

CHRISTOPHER PARKES HAS been a dramatic decline in the incidence of warble infection in British cattle, and livestock Commission reported yesterday.

Japan curbs whale trade

TOKYO—Japan will ban all imports of whales and whaling products from countries which are not members of the International Whaling Commission...

Stockpile plan

PARIS—France plans further purchases of minerals to reach its stated target of holding two months' supplies by 1985...

AMERICAN MARKETS

Table with columns for various commodities like Wheat, Corn, Soybeans, and their prices in different markets.

FISH COMMODITY MARKETS

Table listing prices for various fish commodities including cod, haddock, and salmon.

COCA

Table showing prices for different grades of cocoa beans.

COFFEE

Table showing prices for various coffee grades.

RUBBER

Table showing prices for different types of rubber.

SOYABEAN MEAL

Table showing prices for soyabean meal.

PRICE CHANGES

Table listing price changes for various commodities.

CORAL INDEX: Close 472.477

INSURANCE BASE RATES

Table showing insurance base rates for various categories.

NICKEL

Table showing prices for nickel.

SILVER

Table showing prices for silver.

GRAINS

Table showing prices for various grain commodities.

WHEAT

Table showing prices for wheat.

SUGAR

Table showing prices for sugar.

WOL FUTURES

Table showing prices for wool futures.

EUROPEAN MARKETS

Table showing prices for various commodities in European markets.

COTTON

Table showing prices for cotton.

MEAT/VEGETABLES

Table showing prices for meat and vegetables.

INDICES

Table showing various financial indices.

MEAT/VEGETABLES

Table showing prices for meat and vegetables.

INDICES

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INDICES

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Advertisement for Managed Commodity Accounts, highlighting the benefits of investing in commodities.

Advertisement for C.S.T. Commodities Ltd., providing contact information and services.

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LONDON STOCK EXCHANGE

Companies and Markets

Small technical rally in Gilt-edged and leading shares contrasts with dull undertone elsewhere in markets

Account Dealing Dates

First Declaration Last Account Dealings... 1979... 1980...

The current lack of investment incentive was still apparent in stock markets yesterday...

Government stocks shared in the technical recovery despite the late-morning reaction...

Activity in situation stocks relieved the generally torpid scene but features resulting from trading announcements were few...

Charting the day's events in the FT 30-share index was the most significant feature...

British Funds disregarded the less buoyant pound and the appearance of a few investment buyers...

longs helped to stimulate recoveries ranging to 3%...

Reflecting the current strength of the oil share market, a good traded Options business developed...

The major clearing Banks failed to shake off recent lethargy and prices rarely strayed from overnight levels...

Buildings encountered a small scrappy business. UEM reacted 51 to 67 on the rights issue proposal...

Among Chemicals, occasional interest was shown in Carless at the shorter end of the market...

Small interest was being shown in leading Hotels and Caterers. Grand Metropolitan and Trust Houses Forte improved 2 1/2 pence...

Burton firm

Another quiet day's business in the Stores market left the leaders hovering around the previous day's closing levels...

With the exception of Tushes, Engineering leaders closed on a slightly firmer note...

Leading Foods failed to maintain early firmness and closed without much change on balance...

Other Components fell back from early firm positions to close around the overnight levels. Quietly dull conditions persisted in Properties with Great Portland Estates and Stock Conversion easing 6 pence...

Stonehill up late

Quiet conditions persisted in the miscellaneous Industrial leaders and movements rarely exceeded a few pence either way...

Oil shares attracted another active trade but apart from British Petroleum, which forged ahead further to nearly 1300p before settling at 1285p...

Following the first half loss after the absence of a dividend, Bond Street Fabrics fell 5 to 35p...

Intimer results from Bats pleased the market, the 30 pence dividend increase being hotly sought...

Other Components

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Oil shares attracted another active trade but apart from British Petroleum, which forged ahead further to nearly 1300p before settling at 1285p...

Following the first half loss after the absence of a dividend, Bond Street Fabrics fell 5 to 35p...

Intimer results from Bats pleased the market, the 30 pence dividend increase being hotly sought...

A depressed market of late on investment dollar influence, Plantations rallied slightly as small buyers entered...

South African Golds fell away in line with the bullion price and the early reaction in the investment currency premium...

Among the heavyweights, losses of a half-point or more were common to West Driefontein, ZEN, Randfontein, ZEC, Haribest, EIT, and Yaal Reef...

South African Financials moved similarly to Golds. De Beers fell 5 to 384p and Anglo American 6 to 366p...

A downturn in the free market platinum price prompted persistent selling of platinum shares...

Australians continued to lose ground reflecting the initially lower premium and a fall in overnight Sydney and Melbourne markets...

Exceptions, however, were the Rundle oil-shale partners which rose aresh on continuing rumours that a U.S. company may provide finance to develop the large oil-shale deposits...

Money was given for the call in Premier Oil, MFI, Barnham, Ladbroke, J. E. Sanger, Furness Wythe, Thomas Tilling, Lofs, Record Ridgway and Marshalls Universal...

FINANCIAL TIMES STOCK INDICES Table with columns for Stock Index, Date, and Year.

HIGHS AND LOWS Table with columns for High, Low, and S.E. ACTIVITY.

ACTIVE STOCKS Table with columns for Denomination, Closing price, Change, 1979 high, 1979 low.

NEW HIGHS AND LOWS FOR 1979 Table with columns for Stock, High, Low.

RISES AND FALLS YESTERDAY Table with columns for Stock, Up, Down, San.

EMI group management changes

Further changes have been made in EMI management under the new group chief executive Lord Delfont...



Mr. Robert Upsdell

Mr. Robert Upsdell (45) has been appointed chairman and chief executive of EMI LEISURE, the company which handles all EMI leisure operations...

Mr. Barry Spinkins (49) has been made chairman and chief executive of the EMI FILM AND THEATRE CORPORATION...

Mr. J. G. Charles White, senior partner of Baillie Gifford and Co., has been appointed an additional director of EQUITY INCOME TRUST...

Mr. Mark Snowden, formerly director, business and product planning, AUGUST MORRIS, has been appointed to the newly-created post of director, product development...

Mr. Andrew Barrett has been appointed to the Board of THOMAS COOK LIMITED as marketing director...

Mr. Don Whitehead has been appointed sales director of CONSTANTINE-LOYD...

Mr. David Wilkie has been appointed a director and general manager of CHAMPION SPARKING PLUG...

Mr. James Schayn, who is director of manufacturing, Champion Europe, Mr. Alan Barker has become a member of the Board of Champion Sparking Plug Co. (Ireland)...

Mr. Nigel Kermode has been appointed chief executive partner of BERNARDSON INTERNATIONAL, a British national, he has been with the partnership for 11 years and is based in the Geneva office...

LONDON TRADED OPTIONS

LONDON TRADED OPTIONS Table with columns for Option, Exercise price, Closing offer, Vol., Closing offer, Vol., Equity close.

RECENT ISSUES

RECENT ISSUES Table with columns for Issue, Amount, Date, Stock, Div., Yld., Price, Ratio.

FIXED INTEREST STOCKS

FIXED INTEREST STOCKS Table with columns for Issue, Amount, Date, Stock, Div., Yld., Price, Ratio.

RIGHTS OFFERS

RIGHTS OFFERS Table with columns for Issue, Amount, Date, Stock, Div., Yld., Price, Ratio.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS Table with columns for Index No., Day's Change, Est. Value, Gross Div. Yield, P/E Ratio, Index No., Index No., Index No., Index No., Index No.

FIXED INTEREST YIELDS Table with columns for Index No., Day's Change, Est. Value, Gross Div. Yield, P/E Ratio, Index No., Index No., Index No., Index No., Index No.

FIXED INTEREST PRICE INDICES Table with columns for Index No., Day's Change, Est. Value, Gross Div. Yield, P/E Ratio, Index No., Index No., Index No., Index No., Index No.

FIXED INTEREST YIELDS Table with columns for Index No., Day's Change, Est. Value, Gross Div. Yield, P/E Ratio, Index No., Index No., Index No., Index No., Index No.

Mr. Samuel Berg has been appointed a director of AMBER DAY HOLDINGS. He is managing director of Maressa Lagerte...

Mr. George Lorenz has been elected to the Board of ZAPATA CORPORATION. He was at one time associated with Shell Oil Company and Royal Dutch/Shell...

Mr. W. D. Church has been appointed managing director of LEE STEEL WIRE, a subsidiary of Arthur Lee and Sons...

Commander H. J. Pincock has been appointed director of the CEMENT MAKERS' FEDERATION from July 1, on the retirement of Rear Admiral C. K. T. When...

Mr. Dennis Oliver, a director of Pilkington, has been appointed president of the EUROPEAN INDUSTRIAL RESEARCH MAN...



Handwritten text at the top center of the page.

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Friends Provident Unit Tr. Mgrs., Fidelity Unit Tr. Mgrs., and others, including their names, addresses, and contact information.

Table listing financial institutions and services including Minter Fund Managers Ltd., M.L.A. Unit Trust Management Ltd., and others.

Table listing insurance and property bonds companies such as Abbey Life Assurance Co. Ltd., Crown Life Assurance Co. Ltd., and others.

Table listing various financial services and trusts including Taylor Trust Mgmt. Ltd., Transatlantic and Ciba Secs., and others.

Table listing insurance and property bonds companies, including Lloyd's Life Assurance Co. Ltd., Prudential Pension Limited, and others.

OFFSHORE AND OVERSEAS FUNDS

Table listing offshore and overseas funds such as Alexander Fund, Allen Harvey & Ross Inv. Mgt., and others, including their names, addresses, and contact information.

NOTES section at the bottom right of the page, providing additional information and disclaimers.



FT SHARE INFORMATION SERVICE

FOOD, GROCERIES—Cont.

BRITISH FUNDS

Table of British Funds with columns for Name, Shares, Price, and Yield. Includes sub-sections for 'Shorts' (Lives up to Five Years) and 'Five to Fifteen Years'.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails with columns for Name, Shares, Price, and Yield.

BANKS & HP—Continued

Table of Banks & HP with columns for Name, Shares, Price, and Yield.

CHEMICALS, PLASTICS—Cont.

Table of Chemicals, Plastics with columns for Name, Shares, Price, and Yield.

ENGINEERING—Continued

Table of Engineering with columns for Name, Shares, Price, and Yield.

AMERICANS

Table of American stocks with columns for Name, Shares, Price, and Yield.

Hire Purchase, etc.

Table of Hire Purchase, etc. with columns for Name, Shares, Price, and Yield.

DRAPERY AND STORES

Table of Drapery and Stores with columns for Name, Shares, Price, and Yield.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits with columns for Name, Shares, Price, and Yield.

Over Fifteen Years

Table of Over Fifteen Years with columns for Name, Shares, Price, and Yield.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of Building Industry, Timber and Roads with columns for Name, Shares, Price, and Yield.

Undated

Table of Undated with columns for Name, Shares, Price, and Yield.

CANADIANS

Table of Canadian stocks with columns for Name, Shares, Price, and Yield.

INTERNATIONAL BANK

Table of International Bank with columns for Name, Shares, Price, and Yield.

BANKS AND HIRE PURCHASE

Table of Banks and Hire Purchase with columns for Name, Shares, Price, and Yield.

CORPORATION LOANS

Table of Corporation Loans with columns for Name, Shares, Price, and Yield.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth & African Loans with columns for Name, Shares, Price, and Yield.

LOANS

Table of Loans with columns for Name, Shares, Price, and Yield.

Public Board and Ind.

Table of Public Board and Ind. with columns for Name, Shares, Price, and Yield.

Financial

Table of Financial with columns for Name, Shares, Price, and Yield.

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HOTELS AND CATERERS

Table of Hotels and Caterers with columns for Name, Shares, Price, and Yield.

INDUSTRIALS (Miscel.)

Large table of Industrial stocks with columns for Name, Shares, Price, and Yield.

CHEMICALS, PLASTICS

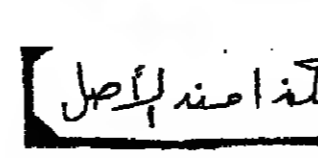
Table of Chemicals, Plastics with columns for Name, Shares, Price, and Yield.

ENGINEERING MACHINE TOOLS

Table of Engineering Machine Tools with columns for Name, Shares, Price, and Yield.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, Etc. with columns for Name, Shares, Price, and Yield.



INDUSTRIALS—Continued

Table of industrial stocks including companies like British Petroleum, Shell, and ICI, with columns for stock name, price, and other financial metrics.

INSURANCE—Continued

Table of insurance stocks including companies like Royal Indemnity, Commercial Union Assurance, and Norwich Union.

PROPERTY—Continued

Table of property-related stocks including companies like British Land, Anglo-Scottish, and National Westminster.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including companies like British American, British Overseas, and British Venture.

FINANCE, LAND—Continued

Table of finance and land-related stocks including companies like City of London, City of Westminster, and City of London Finance.

DAWA SECURITIES logo and header for the International Finance section.

MINES—Continued AUSTRALIAN

Table of Australian mining stocks including companies like Anglo-American, Anglo-Platinum, and Anglo-Consolidated.

TINS

Table of tin stocks including companies like Anglo-Tin, Anglo-Tinners, and Anglo-Tinners.

COPPER

Table of copper stocks including companies like Anglo-Copper, Anglo-Copper, and Anglo-Copper.

MISCELLANEOUS

Table of miscellaneous stocks including companies like Anglo-Industries, Anglo-Industries, and Anglo-Industries.

GOLDS EX-PRIMUM

Table of gold stocks including companies like Anglo-Gold, Anglo-Gold, and Anglo-Gold.

NOTES

Notes section containing various financial notices, company announcements, and market commentary.

REGIONAL MARKETS

Table of regional market data for various countries including the UK, Ireland, and others.

OPTIONS 3-month Call Rates

Table of 3-month call option rates for various companies and markets.

LEISURE

Table of leisure-related stocks including companies like British Leisure, British Leisure, and British Leisure.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including companies like British Motor, British Motor, and British Motor.

Commercial Vehicles

Table of commercial vehicle stocks including companies like British Commercial, British Commercial, and British Commercial.

Components

Table of component stocks including companies like British Components, British Components, and British Components.

Garages and Distributors

Table of garage and distributor stocks including companies like British Garage, British Garage, and British Garage.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks including companies like British Newspaper, British Newspaper, and British Newspaper.

PAPER, PRINTING ADVERTISING

Table of paper, printing, and advertising stocks including companies like British Paper, British Paper, and British Paper.

PROPERTY

Table of property-related stocks including companies like British Property, British Property, and British Property.

SHIPPING

Table of shipping stocks including companies like British Shipping, British Shipping, and British Shipping.

SHOES AND LEATHER

Table of shoe and leather stocks including companies like British Shoes, British Shoes, and British Shoes.

SOUTH AFRICAN

Table of South African stocks including companies like Anglo-South, Anglo-South, and Anglo-South.

TEXTILES

Table of textile stocks including companies like British Textiles, British Textiles, and British Textiles.

TOBACCO

Table of tobacco stocks including companies like British Tobacco, British Tobacco, and British Tobacco.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land-related stocks including companies like British Trust, British Trust, and British Trust.

FINANCE, LAND, etc.

Table of finance, land, and other related stocks including companies like British Finance, British Finance, and British Finance.

OILS

Table of oil stocks including companies like Anglo-Oil, Anglo-Oil, and Anglo-Oil.

OVERSEAS TRADERS

Table of overseas trader stocks including companies like Anglo-Traders, Anglo-Traders, and Anglo-Traders.

RUBBERS AND SISALS

Table of rubber and sisal stocks including companies like British Rubber, British Rubber, and British Rubber.

TEAS

Table of tea stocks including companies like British Tea, British Tea, and British Tea.

India and Bangladesh

Table of India and Bangladesh stocks including companies like Anglo-India, Anglo-India, and Anglo-India.

Sri Lanka

Table of Sri Lanka stocks including companies like Anglo-Sri Lanka, Anglo-Sri Lanka, and Anglo-Sri Lanka.

Africa

Table of African stocks including companies like Anglo-Africa, Anglo-Africa, and Anglo-Africa.

MINES

Table of mining stocks including companies like Anglo-Mines, Anglo-Mines, and Anglo-Mines.

CENTRAL RAND

Table of Central Rand stocks including companies like Anglo-Central, Anglo-Central, and Anglo-Central.

EASTERN RAND

Table of Eastern Rand stocks including companies like Anglo-Eastern, Anglo-Eastern, and Anglo-Eastern.

FAR WEST RAND

Table of Far West Rand stocks including companies like Anglo-Far West, Anglo-Far West, and Anglo-Far West.

INSURANCE

Table of insurance stocks including companies like British Insurance, British Insurance, and British Insurance.

DIAMOND AND PLATINUM

Table of diamond and platinum stocks including companies like British Diamond, British Diamond, and British Diamond.

CENTRAL AFRICAN

Table of Central African stocks including companies like Anglo-Central Africa, Anglo-Central Africa, and Anglo-Central Africa.

SHOPS & OFFICES

Bernard Thorpe

LONDON, SW1 TEL: 01-834 6890

Leo You'll get the best... Skelmersdale

A 'mountain' of undelivered post

BY JOHN LLOYD

THE POST OFFICE yesterday admitted that it had accumulated an enormous mountain of undelivered letters and parcels...

London and elsewhere. Delays are worst in London, the Home Counties, the Midlands, and the North East...

of cash in the telecommunications business through the blocking of computerised bills...

nationally simply to return to an adequate service, while it would need up to 4,000 more to reduce the very high levels of overtime now being worked.

Engineers plan overtime ban and one-day strikes on pay

BY NICK GARNETT, LABOUR STAFF

A NATIONAL overtime ban and a programme of one-day strikes in support of the engineering industry pay claim were agreed yesterday...

extra holiday and a common April settlement date. Mr. Alex Ferry, the Confederation's general secretary...

reduced hours. The conference of the confederation, which has 18 affiliated unions including the country's three largest...

than £1 by a block vote. Mr. Duffy said the claim was valid. The unions were not "hell bent" on collision but if the employers refused to concede the claim it would be "a very grave situation."

Union to probe win by Leftist

By Christian Tyler, Labour Editor

AN INQUIRY into the election of a Left-winger to the executive council of the Electrical and Plumbing Trades Union was ordered by the executive yesterday.

Mr. Frank Chapple, the general secretary, will look into what a union official said were objections from two of the candidates into pre-election canvassing.

The executive has put off by a month its endorsement of the result for the South Wales seat, in which Mr. Wyn Bevan, works convenor at British Steel's Port Talbot works, emerged top of the poll.

Mr. Bevan, a Labour councillor and opponent of the Right-wing leadership of the union, achieved national prominence when he led a 10-week electricians' strike at Port Talbot two years ago.

Yesterday's decision of the executive will not come as a complete surprise to some of Mr. Bevan's supporters.

Support

There were reports that the Right might object on the grounds that the candidate, Mr. Billy Williams of Cardiff, declared support for Mr. Bevan if he himself was eliminated under the single transferable vote system.

Mr. Bevan said after the election, in which he claimed victory by 700 votes in the postal ballot, that the election had been fairly fought.

The executive may order a re-run of the election if it decided interference was proved.

This is the second time in recent months that an EPTU executive election has been challenged. The last time the defeated Left-wing councillor for Yorkshire, Mr. Harold Best, appealed unsuccessfully on the grounds of irregularity in the conduct of the ballot itself.

There were six candidates in the South Wales contest, including Mr. Don Jones, a full-time official from Swansea, who was seen as the favoured moderate to succeed Mr. Bernard Clarke, who died last year.

Dollar rallies slightly but markets nervous

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE DOLLAR rallied yesterday after its recent sharp falls, but it recouped only some of the big decline on Monday and trading in the foreign exchange markets remained nervous and volatile.

The dollar rose to DM 1.8500 from DM 1.8395, though this is still lower than the level before the weekend. There was a bizzier rally against the Swiss franc with a rise from SwFr 1.6635 to SwFr 1.6635.

A technical influence supporting the dollar may have been the desire of banks to close speculative positions in time for the end of the accounting half-year this weekend.

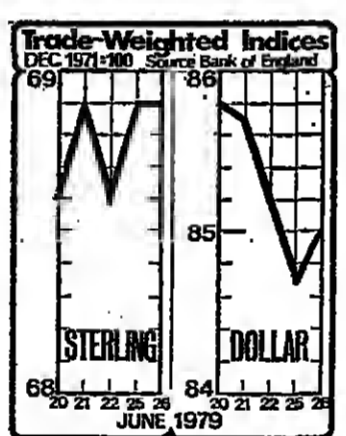
The dollar was the main influence on sterling which fluctuated in the unusually wide range of \$2.1355 to \$2.1670. But there was relatively little business for most of the day and any intervention by the Bank of England was probably on a small scale.

The pound finished 70 points lower at \$2.150 against the dollar and unchanged or slightly higher against most other leading currencies.

The trade-weighted index closed unchanged at 68.9 after moving between 69.1, its highest level since March 1976, and 68.8.

At this level, the trade-weighted index has risen by 24 per cent since the Budget a fortnight ago and by 7.3 per cent since the end of December.

Money markets, Page 24; Editorial Comment, Page 24



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Money markets, Page 24; Editorial Comment, Page 24

West German to head Vauxhall

By Kenneth Gooding, Motor Industry Correspondent

A WEST GERMAN is to take over as president and managing director of Vauxhall Motors, the UK subsidiary of General Motors.

He is Mr. Ferdinand Beickler, 56, who joined Opel, GM's German offshoot in 1937 as an apprentice toolmaker. More recently he has been GM's director of European Automotive Manufacturing.

He takes over on August 1 from Mr. Boh Price who since 1974 has supervised the revival of Vauxhall which faced serious problems in the early 1970s. In 1974 Vauxhall suffered an £18m loss. Last year the company was in the black for the first time since 1971 with a net profit of £2m.

During this period GM has organised its European operations so that Opel is now responsible for developing passenger cars while Vauxhall, through its Bedford subsidiary, is responsible for commercial vehicles. The whole of the Vauxhall range to be revamped since 1975.

But Vauxhall has not been able to produce cars in the quantity demanded—its market share has now slipped to about 6.5 per cent—and the appointment of a manufacturing-oriented managing director makes some sense at this time.

Mr. Price, 53, is leaving the UK to become GM's first director of international social action, and is described this as "the fulfilment of a deeply felt personal wish."

Planning

He will work with the management of GM's international operations with responsibility for planning, development and implementation of social programmes.

Mr. Price said: "I am convinced that truly meaningful results can be realised by the strong involvement of industry in general and individual companies focusing on high-priority programmes in such areas as health, ageing, education and so on."

The changes at Vauxhall will bring additional responsibility for Mr. Geoffrey Moore, director responsible for public, government and industry relations and passenger car sales. In August he also becomes chairman of Vauxhall, reporting to Mr. Beickler.

Weather

UK TODAY MAINLY DRY with some sunshine.

London, E. and Cent. N. England, Midlands, Borders, Edinburgh and Dundee areas Mainly dry, sunny periods. Max. 20C (68F).

S.E. and Cent. S. England Mainly dry, sunny periods inland. Patchy coastal fog. Max. 20C (68F).

Channel Is., S.W. England, S. Wales Cloudy, some drizzle and fog near coasts. Max. 17C (63F).

N.E. and N.W. Scotland Sunny intervals, some showers. Max. 13C (57F).

N. Wales, N.W. England, Isle of Man, N. Ireland, Rest of Scotland Mainly dry, sunny intervals. Max. 17C (63F).

Outlook: Dry with bright intervals in S., changeable in N.

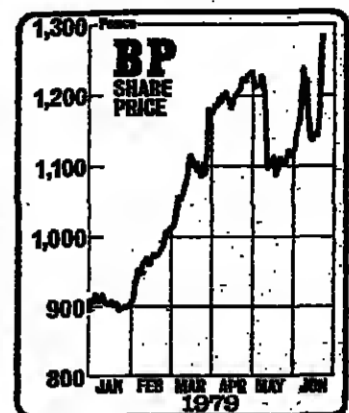
Table with columns: Country, City, Y'day, Y'even, Y'low, Y'high, Y'prev. Lists weather for various global locations.

THE LEX COLUMN

Uphill currency fight for BAT

Subject to exchange rate movements, BAT Industries expects its net attributable profits to show a sustained increase in the 12 months to next September—and there should be some kind of progress even with sterling at its present levels.

Index rose 1.8 to 475.2



Attributable profits after six months are 6 per cent higher at £14m, and the adverse impact of exchange rates on currency conversion is put at £9m.

Most of the increase to date has come from the paper side, where operating profits have bounced from £26m to £56m, nearly a fifth of the group total. The U.S. acquisition, Appleton, is running ahead of target and accounts for nearly three-fifths of the improvement, and the original business is also doing well, apart from the pulp mill at Fort William.

Retailing is doing a bit better than it looks—profits only marginally higher at £22m on sales of £787m. Saks and Gimbels have posted an 11 per cent increase in dollar terms, and although International Stores is losing money in the UK, BAT says that the downward trend has at last been reversed.

That does not add up to a growth story, for tobacco still accounts for three-fifths of profits and is heading for its third year of very modest growth. BAT is still losing market share in the U.S., where it has failed to make much of an impact in the low tar sector, and its attack on the UK market has left it with under 3 per cent of the market.

However BAT is still improving its share of the less mature markets, and its total volume is rising at 4 or 5 per cent a year. It has enormous muscle in its balance sheet, and formidable dividend paying potential. The net payment this year is forecast to rise by at least 161 per cent and that is likely to be covered nearly four times.

Of course the shares, have been noticeably weak for months now, partly because of the overhang created by Imperial Group's £153m placing of the currency shares which took place in March at 310p a share. But the currency impact is much less damaging than is the case for many manufacturers based wholly in the UK. And the yield is a minimum of 8 1/2 per cent at 275p.

Investors shopping to beat the OPEC price rises have been piling into BP shares—the next best thing to crude oil—over the last few days, and yesterday

the price reached £13. This is a mouth-watering level for the biggest potential seller of the stock, the British Government.

There looks to be every reason for the authorities to go ahead with selling off a slice of BP as soon as possible. The tight monetary targets, if they are to be credible, create an urgent need to fund, and by reducing its BP stake to, say, 33 per cent from the present 51 per cent, the Government could raise something of the order of £1bn. It must also make sense to offer the shares while there is still a good deal of excitement surrounding the crude oil price.

Assuming that active work is already being done on the issue, it should be possible to launch it in early September. The documentation will have to be compendious, particularly if, as in 1977, there is a parallel launch in the U.S. market, but the prospectuses drawn up only two years ago are there to be built upon.

On recent form it should be easy to place some stock on Wall Street. Interest in BP has been revived there recently after a long period of disillusionment with the dull performance of the shares in the month after the last offer for sale. The cynical might argue that the appearance of buying interest at £12 a share by U.S. investors who were not prepared to touch the stock at £10 in February is an indication of how speculative the market in BP shares has become.

Certainly the buyers are prepared to overlook the bad news at the moment—the imminent sale of the Government holding appears to have been discounted, along with the impact of higher taxation on

North Sea and Alaskan earnings. The market does not seem to be even considering the possibility that the oil supply position might be easier, as the oil companies' profit thinner, in a few months time.

The authorities have to decide how best to execute the sale. In retrospect, and compared with some subsequent issues gilt-edged stock, the 1977 offer passes for a success although at the time the authorities were criticised for giving the stages a banana. The issue should allow the stock to be dribbled out without a need for a substantial discount to the market price, but would be uncharacteristic of the Government to resort to an untried expedient of an equal sale in such an important case.

But the Bank of England might be able to put its newly acquired expertise in issue stock by participating tender good news. In September, after all, BP should be announcing a second quarter figure with a good dividend too. Perhaps another OPEC meeting could be arranged to be held in conjunction with a bang.

FNFC

Because high interest rates have increased the interest associated with its "Lifeboat" debt, First National Finance Corporation has not been able to maintain the momentum of the improvement of its affairs which it built up in the year October 31, 1978. Nevertheless, with the help of its consumer finance division, which contributed pre-tax profits of £4.1m in the first half, and a continuing string of property sales which yielded an excess of book value of about £2.5m, has still been able to repurchase first-half pre-tax profits of £3.7m.

This has taken the company a little further back along the road to positive net worth. FNFC has reduced the borrowings from the support group to £12m but still has £238m in loans. Under the terms of the reconstruction it must reduce its liabilities by a further £250m before the holders of its originated loan stocks can expect any interest payments; but least this is down from £360m the beginning of the year. Shareholders' funds in FNFC stood at minus £54m at the half-way mark compared with minus £72m in October 1976, but the outlook for high interest rates and the dwindling quality of the property portfolio makes it harder to sustain.

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Ghana shootings bring oil cut threat

BY MARK WEBSTER

NIGERIA is expected to impose oil sanctions on Ghana following yesterday's execution of six of the most prominent figures in former military regimes.

Nigeria, which supplies 90 per cent of Ghana's crude oil, threatened to take action after the present military government ordered the execution of General Ignatius Acheampong, the former Head of State just over a week ago.

The six people who faced the firing squad had all held important posts under

General Acheampong and included General Fred Akuffo, the man who replaced him in a coup last July.

The Nigerians are believed to have wanted especially against executing General Akuffo because he had friendly talks with General Olusegun Obasanjo, the Nigerian Head of State, only a week before the coup which ousted him.

Ghana, with serious economic problems already, would probably grind to a halt if Nigeria cut off all its oil. Although Ghana has small

supplies of its own, the maximum output of its wells would be 5,000 barrels a day—about 18 per cent of total domestic consumption. At present it is producing only 3,000 barrels a day.

Also executed yesterday were General Robert Kotye, former army commander under General Acheampong, Colonel Joe Fell, former commissioner for foreign affairs under General Acheampong, Air Vice Marshall G. Y. Buakyie former commander of the air force and Rear Admiral Joy

Amedume, former head of the navy.

Nigeria has protested along with a number of other African countries at what it sees as growing lawlessness within the armed forces.

The British Government yesterday issued a statement "strongly deploring" the executions. It said it had made clear to Ghana that trials and executions should be seen to be carried out in accordance with internationally accepted principles of justice and human rights.

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